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Seventh session
Vienna, 1-5 December 1997

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS SEVENTH SPECIAL SESSION

(21-25 April 1997)

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	ORGANIZATIONAL AND PROCEDURAL MATTERS	3 - 16	2
II.	FUTURE OF UNIDO	17	3
III.	OTHER MATTERS	18	3
IV.	ADOPTION OF THE REPORT AND CLOSURE OF THE SEVENTH SPECIAL SESSION	19	3
Annexes			
I.	Decisions adopted by the Board at its seventh special session		4
II.	Documents submitted to the Industrial Development Board at its seventh special session		7

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Introduction

1. The seventh special session of the Industrial Development Board was convened at the request of the President of the Industrial Development Board, H.E. Mr. S. K. Lee (Republic of Korea), in accordance with rule 4.2 of the rules of procedure of the Board.

2. The report of the Industrial Development Board on its seventh special session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB/S.7/SR.1-5), where details of the proceedings are contained form an integral part of the present report.

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The seventh special session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 21 to 25 April 1997 (5 plenary meetings — see IDB/S.7/SR.1-5).

Participation

4. The following 52 of the 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Bulgaria, China, Colombia, Côte d'Ivoire, Cuba, Denmark, Ecuador, Egypt, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Lebanon, Mexico, Morocco, Netherlands, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Sierra Leone, Spain, Sudan, Sweden, Switzerland, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland and Zambia.

5. The following 44 Member States of UNIDO also participated in the session: Afghanistan, Angola, Armenia, Australia, Azerbaijan, Belarus, Bolivia, Bosnia and Herzegovina, Burkina Faso, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Ethiopia, Finland, Georgia, Guatemala, Haiti, Iraq, Ireland, Jordan, Kuwait, Lesotho, Liberia, Luxembourg, Malaysia, Namibia, New Zealand, Norway, Oman, Panama, Republic of Moldova, Slovakia, Slovenia, Sri Lanka, Thailand, Ukraine, Uruguay, Uzbekistan, Venezuela, Viet Nam and Zimbabwe.

6. The Holy See participated as observer.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: United Nations Conference on Trade and Development, United Nations Development Programme and United Nations Office at Vienna.

9. The following United Nations specialized agencies were represented: International Atomic Energy Agency, United Nations Educational, Scientific and Cultural Organization and World Health Organization.

10. The following other intergovernmental organizations were represented: European Commission, International Organization for Migration, League of Arab States and Organisation of the Islamic Conference.

11. The following non-governmental organizations were represented: Austrian Senior Experts Pool, European Union of Public Relations, Institute Superieur de Gestion, International Confederation of Free Trade Unions, International Co-operative Alliance, International Council of Societies of Industrial Design, International Federation of Business and Professional Women, International Organisation of Employers, NIMTECH and World Association for Small and Medium Enterprises.

Opening of the session

12. The seventh special session was declared open by H.E. Mr. S. K. Lee (Republic of Korea), President of the sixteenth session of the Board.

Officers of the seventh special session

13. In accordance with rule 23 of its rules of procedure, the officers of the Board were those elected at the commencement of the first regular session in 1996: H.E. Mr. S. K. Lee (Republic of Korea) as President; H.E. Mr. C. Bula Camacho (Colombia), H.E. Mr. I. Posta (Hungary), H.E. Mr. A. A. Halim Mohamed (Sudan) as Vice-Presidents; and Mr. Ö. Sölendil (Turkey) as Rapporteur.

Agenda

14. The Board adopted the following agenda:

1. Opening of the session.
2. Adoption of the agenda.
3. Future of UNIDO.
4. Other matters.
5. Adoption of the report.
6. Closure of the session.

15. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB/S.7/Dec.1).

16. The Board agreed to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Mr. I. Posta (Hungary), Vice-President, to chair those consultations. The Board also agreed to have informal discussions under the chairmanship of Mr. A. A. Halim Mohamed (Sudan), Vice-President, on the scheduling of sessions of the policy-making organs.

II. FUTURE OF UNIDO

17. The Board had before it the proposal by the Director-General on the future of UNIDO (IDB/S.7/2), and papers submitted by Morocco (IDB/S.7/4), Nigeria (IDB/S.7/5), the League of Arab States (IDB/S.7/6), the Latin American and Caribbean Group (IDB/S.7/7), Algeria (IDB/S.7/CRP.2), the African Group (IDB/S.7/CRP.3), the Asian Group (IDB/S.7/CRP.4) and the position of the Group of 77 and China (IDB/S.7/CRP.5/Rev.1). The debate on item 3 is reflected in summary records IDB/S.7/SR.2, paragraphs 1-124, IDB/S.7/SR.3, paragraphs 1-81, and IDB/S.7/SR.4, paragraphs 1-130. The Board considered a draft decision submitted by the President and adopted decision IDB/S.7/Dec.3 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB/S.7/SR.5, paragraphs 1-27.

III. OTHER MATTERS

18. The Board had before it a draft decision proposed by the Chairman of the informal discussions on the scheduling of sessions of the policy-making organs, Vice-President A. A. Halim Mohamed (Sudan), and adopted decision IDB/S.7/Dec.2 (see annex I). The debate on item 4 is reflected in summary records IDB/S.7/SR.1, paragraphs 32-57, IDB/S.7/SR.4, paragraphs 131-133 and IDB/S.7/SR.5, paragraphs 28-31.

IV. ADOPTION OF THE REPORT AND CLOSURE OF THE SEVENTH SPECIAL SESSION

19. The Board considered the draft report (IDB/S.7/L.1) and adopted it as a whole, on the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB/S.7/SR.5, paras. 32-34). The Board closed its seventh special session on 25 April 1997 at 12.05 p.m.

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS SEVENTH SPECIAL SESSION

IDB/S.7/Dec.1 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its seventh special session only and provided no substantive decisions were taken at those meetings.

1st plenary meeting
21 April 1997

IDB/S.7/Dec.2 SCHEDULING OF SESSIONS OF THE POLICY-MAKING ORGANS

The Industrial Development Board:

(a) Recalled its decision IDB.16/Dec.19 establishing the dates for the thirteenth session of the Programme and Budget Committee and the dates and provisional agenda for the seventeenth session of the Industrial Development Board;

(b) Decided:

(i) To hold the thirteenth session of the Programme and Budget Committee from 8 to 11 September 1997;

(ii) To hold its eighteenth regular session on 12 September 1997 in order to consider the recommendation of a candidate for the post of Director-General;

(iii) To amend the provisional agenda for its seventeenth session accordingly.

4th plenary meeting
22 April 1997

IDB/S.7/Dec.3 THE FUTURE ROLE AND FUNCTIONS OF UNIDO

The Industrial Development Board:

(a) Took note of the documentation presented and views expressed by Member States and groups during the general debate at its seventh special session;

(b) Also took note with appreciation of the report of the chairman of the informal consultations;

(c) Took into account the efforts and progress made in the identification of elements of convergence which emerged in that context, as contained in the annex to the present decision;

(d) Decided to establish an intersessional working group with equitable geographical representation, under the chairmanship of Mr. I. Posta (Hungary), to advance further the process of definition of the future role and functions of UNIDO;

(e) Invited Member States to continue to contribute to the formulation of basic parameters to guide the work in adapting the Organization to new economic realities;

(f) Requested the chairman of the intersessional working group to establish a timetable for negotiations and to submit a progress report to the Board not later than its seventeenth session;

(g) Decided to include an item entitled "Follow-up to the seventh special session" in the provisional agenda of its seventeenth session.

5th plenary meeting
25 April 1997

Annex

COMMON GROUNDS ON THE FUTURE OF UNIDO

Role and functions

1. Industrial development remains a precondition for long-term sustainable economic growth and development. UNIDO, subject to the outcome of the overall reform of the United Nations system, has an important role to play in supporting and promoting at the national level sustainable industrial development in the developing countries, in particular least developed countries, and countries with economies in transition. It also has a role in enhancing cooperation at the international, regional and subregional level.

2. The process of meaningful reform of UNIDO should continue for the Organization to adapt its function, orientation and priorities to the new realities of the

changing global economic environment and, ultimately, to remain viable and efficient. It is important to reaffirm the necessity to pursue that reform process with a long-term vision that will make it possible to adapt the Organization's mandate, structure and financial capacity.

3. UNIDO should concentrate on those support functions in which the Organization has a comparative advantage over other multilateral development organizations and bilateral assistance. UNIDO should maintain its capacity to provide integrated packages of support which bring to bear upon industrial development the multidimensional expertise of the Organization, and should place emphasis on upstream activities such as policy advisory services and institutional capacity-building with maximum developmental impact.

4. The key functions to be exercised by UNIDO in supporting industrial development should be:

(a) To provide a global forum for assessing the implications of international industrial trends, promoting in this regard common understandings among all countries, and supporting the establishment and implementation of international norms and agreements;

(b) To strengthen institutional capacities for the promotion of industrial competitiveness;

(c) To increase the flow of industrial investment and technology resources to developing countries and countries with economies in transition;

(d) To promote cleaner and sustainable industrial development.

Priorities

Programme priorities

5. The activities of UNIDO should pay adequate attention to investment promotion and environment-related services, the promotion of small and medium industries and enterprises, agro-based industries, as well as the development of human resources related to the implementation of specific programmes and projects.

Geographic focus

6. While preserving its universal character and vocation, UNIDO should be more responsive to the needs of the developing countries, particularly African countries and least developed countries, and pay special attention to countries with economies in transition.

Budget and size of the Organization

7. The programme and budget of the Organization, which is closely related to the new structure and role of UNIDO, should be made commensurate, beginning with the biennium 1998-1999, with the results of the continued reform process and the refocused activities of the Organization, taking into account the follow-up to the seventh special session of the Board. It is important to underscore that all Member States are determined to pay their assessed contributions in full and on time.

Field representation and cooperation with other United Nations agencies

8. A real decentralization of activities and strengthening of field representation must be attained. This implies, *inter alia*:

(a) Redeployment of resources and Professional staff with the required level of expertise from Headquarters to the field, for the purpose of enhancing the efficiency and effectiveness of field activities by providing adequate advisory services and selected project execution;

(b) Appropriate delegation of authority;

(c) Formulation of business plans for the activities of the field offices.

Consideration should also be given to the establishment of subregional offices, wherever possible.

9. The field offices should contribute to funds mobilization activities.

10. Functional and programmatic coordination between UNIDO field representation on the one hand, and field representation of United Nations bodies and of other relevant international organizations on the other hand, should be improved. In this context, consideration should be given to the idea of integration of UNIDO offices in a unified United Nations representation.

11. Special attention should be given to the possibility of cost-sharing of field representation by the host country, taking into account the particular situation of the least developed countries.

12. UNIDO should seek complementarity in its cooperation with other United Nations organizations, funds and programmes. It is important to stress in this

regard the need to ensure the coordination and coherence of the mandates of the different United Nations system bodies.

Efficiency-enhancing measures

13. The following measures are needed, *inter alia*:

(a) Rationalizing and reducing non-staff costs, such as for meetings, travel and consultants, and increasing the cost-effectiveness of publications, statistical information and the global report;

(b) Increasing cost efficiency in managerial, administrative and coordinative support areas, taking into account the new budgetary realities;

(c) Enhancing the operational and financial capacity of relevant UNIDO divisions engaged in implementation of core activity programmes by avoiding duplication and overlap of activities and responsibilities within the Organization;

(d) Further considering and eventually implementing some pertinent recommendations by the External Auditor;

(e) Reducing the number and length of PMO meetings, while at the same time maintaining their functions;

(f) Speeding up the decision-making process for project development and approval;

(g) Redeploying administrative savings into substantive programmes.

Management and organizational structure

14. A new configuration will be required for the future organizational structure of UNIDO on the basis of agreed principles and priorities. The creation of a post of Deputy Director-General could be considered. In addressing the various problems and difficulties facing UNIDO there should be an equal emphasis on its managerial and administrative aspects.

Annex II

DOCUMENTS SUBMITTED TO THE INDUSTRIAL DEVELOPMENT BOARD AT ITS SEVENTH SPECIAL SESSION

Symbol	Agenda item	Item
IDB/S.7/1/Rev.1	2	Agenda
IDB/S.7/2	3	The future of UNIDO. Proposal by the Director-General
IDB/S.7/3	-	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
IDB/S.7/4	3	Future of UNIDO. Paper submitted by Morocco
IDB/S.7/5	3	Future of UNIDO. Paper submitted by Nigeria
IDB/S.7/6	3	Future of UNIDO. Paper submitted by the League of Arab States
IDB/S.7/7	3	Future of UNIDO. Paper submitted by the Latin American and Caribbean Group
		* * *
IDB/S.7/CRP.1	2	Adoption of the agenda. List of documents
IDB/S.7/CRP.2	3	Future of UNIDO. Paper submitted by Algeria
IDB/S.7/CRP.3	3	Future of UNIDO. Paper submitted by the African Group
IDB/S.7/CRP.4	3	Future of UNIDO. Paper submitted by the Asian Group
IDB/S.7/CRP.5/Rev.1	3	Future of UNIDO. Position of the Group of 77 and China on the future of UNIDO
IDB/S.7/CRP.6	-	List of participants

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Seventh session
Vienna, 1-5 December 1997
Item 7 of the provisional agenda

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS SEVENTEENTH SESSION (23-27 June 1997)

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	3
Chapter			
I.	ORGANIZATIONAL AND PROCEDURAL MATTERS	3 - 16	3
II.	ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1996 ON THE ACTIVITIES OF THE ORGANIZATION, INCLUDING PROGRESS REPORT ON SPECIFIC ACTIVITIES; IMPLEMENTATION OF THE UNIDO REFORM; FINANCIAL SITUATION OF UNIDO	17 - 20	4
III.	FOLLOW-UP TO THE SEVENTH SPECIAL SESSION; DRAFT BUSINESS PLAN OF THE INTERSESSIONAL WORKING GROUP ON THE FUTURE ROLE AND FUNCTIONS OF UNIDO; FIELD REPRESENTATION	21 - 23	5
IV.	DEVELOPMENT OF HUMAN RESOURCES FOR INDUSTRY; INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT; ENVIRONMENTALLY SUSTAINABLE INDUSTRIAL DEVELOPMENT; INDUSTRIAL INVESTMENT PROMOTION; PRIVATE SECTOR DEVELOPMENT	24 - 29	5

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CONTENTS (*continued*)

Chapter		Paragraphs	Page
V.	THE REGIONAL DIMENSION: (a) AFRICA, IN PARTICULAR THE SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA; (b) ARAB COUNTRIES PROGRAMME FOR INDUSTRIAL DEVELOPMENT, INCLUDING TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE; (c) SPECIAL PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT OF ASIA AND THE PACIFIC; (d) REGIONAL COOPERATION PROGRAMME FOR THE INDUSTRIAL RECOVERY OF LATIN AMERICA AND THE CARIBBEAN; INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES	30 - 35	6
VI.	OPERATIONAL ACTIVITIES FOR DEVELOPMENT; UNIDO CONTRIBUTION TO THE SYSTEM-WIDE ACTION PLAN ON DRUG ABUSE CONTROL	36 - 38	6
VII.	PERSONNEL MATTERS: (a) UNITED NATIONS JOINT STAFF PENSION FUND; (b) INTERNATIONAL CIVIL SERVICE COMMISSION; JOINT INSPECTION UNIT; MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS	39 - 42	7
VIII.	PREPARATIONS FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE	43	7
IX.	PROVISIONAL AGENDA AND DATE OF THE EIGHTEENTH SESSION	44	7
X.	ADOPTION OF THE REPORT	45	7
XI.	CLOSURE OF THE SESSION	46	7

Annexes

I.	DECISIONS ADOPTED BY THE BOARD AT ITS SEVENTEENTH SESSION	8
II.	DOCUMENTS SUBMITTED TO THE BOARD AT ITS SEVENTEENTH SESSION	16

Introduction

1. The report of the Industrial Development Board on the work of its seventeenth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.17/SR.1-8), where details of the proceedings are contained, form an integral part of the present report.

2. The following decisions of the Board, reproduced in annex I, are related to the work of the General Conference at its seventh session:

IDB.17/Dec.6 UNIDO Staff Pension Committee

IDB.17/Dec.9 Provisional agenda for the seventh session of the General Conference.

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The seventeenth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 23 to 27 June 1997 (8 plenary meetings—see IDB.17/SR.1-8).

Participation

4. The following 49 of the 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Bulgaria, China, Colombia, Cuba, Denmark, Ecuador, Egypt, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Lebanon, Mexico, Morocco, Netherlands, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Spain, Sudan, Sweden, Switzerland, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland.

5. The following 49 Member States of UNIDO also participated in the session: Afghanistan, Angola, Armenia, Australia, Azerbaijan, Belarus, Bolivia, Bosnia and Herzegovina, Burkina Faso, Cameroon, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Ethiopia, Finland, Guatemala, Haiti, Iraq, Ireland, Israel, Jordan, Kuwait, Liberia, Libyan Arab Jamahiriya, Luxembourg, Malaysia, Malta, Namibia, New Zealand, Norway, Oman, Panama, Seychelles, Slovakia, Slovenia, Sri Lanka, Syrian Arab Republic, Thailand, The former Yugoslav Republic of Macedonia, Turkmenistan, Ukraine, Uruguay, Venezuela, Viet Nam, Yemen, Zimbabwe.

6. The Holy See participated as observer.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: Economic Commission for Europe, United Nations Development Programme, United Nations Office at Vienna.

9. The following United Nations specialized agencies were represented: Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization.

10. The following other intergovernmental organizations were represented: Asian-African Legal Consultative Committee, Common Market for Eastern and Southern Africa, International Organization for Migration, League of Arab States, Organisation of the Islamic Conference, Organization of African Unity.

11. The following non-governmental organizations were represented: Institut Supériuer de Gestion, International Confederation of Free Trade Unions, World Association for Small and Medium Enterprises.

Opening of the session

12. The seventeenth session of the Industrial Development Board was declared open by the President of the fifteenth, sixteenth and seventh special sessions, Mr. S.K. Lee (Republic of Korea).

Officers of the session

13. In accordance with rule 23 of its rules of procedure, the Board elected by acclamation: Mr. I. Posta (Hungary) as President; Mr. A. Velazco San José (Cuba), Mr. J. R. H. Bøjer (Denmark), Mr. A.A. Halim Mohamed (Sudan) as Vice-Presidents and Mr. A.R. Tootoonchian (Islamic Republic of Iran) as Rapporteur.

Agenda for the session

14. The Board adopted the following agenda:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.

4. Annual report of the Director-General for 1996 on the activities of the Organization, including progress report on specific activities (e.g. proposed international centre for hydrogen energy technologies).

5. Implementation of the UNIDO reform.

6. Follow-up to the seventh special session: Draft business plan of the intersessional working group on the future role and functions of UNIDO.

7. Development of human resources for industry.

8. Integration of women in industrial development.

9. Environmentally sustainable industrial development.

10. Industrial investment promotion.

11. Private sector development.

12. The regional dimension:

(a) Africa, in particular the Second Industrial Development Decade for Africa;
(b) Arab countries programme for industrial development, including technical assistance to the Palestinian people;
(c) Special Programme for the Industrial Development of Asia and the Pacific;
(d) Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean.

13. Industrialization of the least developed countries.

14. Operational activities for development.

15. UNIDO contribution to the System-Wide Action Plan on Drug Abuse Control.

16. Field representation.

17. Personnel matters:

(a) United Nations Joint Staff Pension Fund;
(b) International Civil Service Commission.

18. Joint Inspection Unit.

19. Matters related to intergovernmental, non-governmental, governmental and other organizations.

20. Preparations for the seventh session of the General Conference.

21. Provisional agenda and date of the eighteenth session.

22. Adoption of the report.

23. Closure of the session.

15. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.17/Dec.1).

16. The Board decided to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Mr. A.A. Halim Mohamed (Sudan), Vice-President, to chair those consultations (see IDB.17/SR.2, para. 6). Given the temporary unavailability of Mr. A.A. Halim Mohamed, this task was later assumed by Mr. J.R.H. Bøjer (Denmark), Vice-President (IDB.17/SR.6, para. 5).

II. ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1996 ON THE ACTIVITIES OF THE ORGANIZATION, INCLUDING PROGRESS REPORT ON SPECIFIC ACTIVITIES; IMPLEMENTATION OF THE UNIDO REFORM; FINANCIAL SITUATION OF UNIDO

17. The Board decided to discuss simultaneously agenda item 4 (Annual report of the Director-General for 1996 on the activities of the Organization, including progress report on specific activities) and item 5 (Implementation of the UNIDO reform). Also included in the consideration of items 4 and 5 was the subject of the financial situation of UNIDO. The debate on the two items as well as on the financial situation of UNIDO is reflected in summary records IDB.17/SR.1, paragraphs 39 to 57 and IDB.17/SR.2, paragraphs 11 to 47.

A. Annual Report of the Director-General for 1996

18. The Board had before it the Annual Report of UNIDO 1996, including programme performance report for 1996 (IDB.17/10, Add.1 and Add.2) and a report by the Director-General on the establishment of an international centre for hydrogen energy technologies (IDB.17/2). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 4-5).

B. Implementation of the UNIDO reform

19. The Board had before it a report by the Director-General on the implementation of the UNIDO reform (IDB.17/19). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 4-5).

C. Financial situation of UNIDO

20. The Board had before it a report by the Director-General on the financial situation of UNIDO (IDB.17/24 and Corr.1) and notes by the Secretariat on the financial situation of UNIDO (IDB.17/CRP.5) and on preliminary budget estimates, 1998-1999 (IDB.17/CRP.7). For reference to a decision on the subject (IDB.17/Dec.3), see paragraph 22 below.

III. FOLLOW-UP TO THE SEVENTH SPECIAL SESSION: DRAFT BUSINESS PLAN OF THE INTERSESSIONAL WORKING GROUP ON THE FUTURE ROLE AND FUNCTIONS OF UNIDO; FIELD REPRESENTATION

21. The Board decided to discuss simultaneously agenda item 6 (Follow-up to the seventh special session: Draft business plan of the intersessional working group on the future role and functions of UNIDO) and item 16 (Field representation). The debate on the two agenda items is reflected in summary records IDB.17/SR.3, paragraphs 1 to 74, IDB.17/SR.4, paragraphs 1 to 120, IDB.17/SR.5, paragraphs 1 to 66 and IDB.17/SR.6, paragraphs 1 to 36.

A. Follow-up to the seventh special session: Draft business plan of the intersessional working group on the future role and functions of UNIDO

22. The Board had before it a progress report by the Chairman (Mr. I. Posta, Hungary) containing the draft business plan of the intersessional working group on the future role and functions of UNIDO (IDB.17/25) and a note by the Secretariat containing preliminary budget estimates, 1998-1999 (IDB.17/CRP.7). The Board considered two draft decisions submitted by the President (IDB.17/L.2; IDB.17/L.10) and adopted decisions IDB.17/Dec.2 and IDB.17/Dec.3 (see annex I). For statements made in connection with the adoption of decision IDB.17/Dec.2, see summary record IDB.17/SR.8, paragraphs 9 to 27.

B. Field representation

23. The Board had before it a report by the Director-General on UNIDO field representation (IDB.17/9). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 37-38). For a statement made, see summary record IDB.17/SR.8, paragraph 39.

IV. DEVELOPMENT OF HUMAN RESOURCES FOR INDUSTRY; INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT; ENVIRONMENTALLY SUSTAINABLE INDUSTRIAL DEVELOPMENT; INDUSTRIAL INVESTMENT PROMOTION; PRIVATE SECTOR DEVELOPMENT

24. The Board decided to discuss simultaneously agenda item 7 (Development of human resources for industry), item 8 (Integration of women in industrial development), item 9 (Environmentally sustainable industrial development), item 10 (Industrial investment promotion) and item 11 (Private sector development). The debate on the five items is reflected in summary records IDB.17/SR.6, paragraphs 43 to 84 and IDB.17/SR.7, paragraphs 1 to 10.

A. Development of human resources for industry

25. The Board had before it a report by the Director-General on the development of human resources for industry (IDB.17/6). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 30-31).

B. Integration of women in industrial development

26. The Board had before it a report by the Director-General on the integration of women in industrial development (IDB.17/3). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 30-31).

C. Environmentally sustainable industrial development

27. The Board had before it a report by the Director-General on environmentally sustainable industrial development (IDB.17/8). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 30-31).

D. Industrial investment promotion

28. The Board had before it a report by the Director-General on industrial investment promotion (IDB.17/23) and a note by the Secretariat on industrial investment promotion (IDB.17/CRP.3). At the suggestion of the President, the Board took note of that documentation (IDB.17/SR.8, paras. 30-31).

E. Private sector development

29. The Board had before it a report by the Director-General on private sector development (IDB.17/11). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 30-31).

V. THE REGIONAL DIMENSION: (a) AFRICA, IN PARTICULAR THE SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA; (b) ARAB COUNTRIES PROGRAMME FOR INDUSTRIAL DEVELOPMENT, INCLUDING TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE; (c) SPECIAL PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT OF ASIA AND THE PACIFIC; (d) REGIONAL COOPERATION PROGRAMME FOR THE INDUSTRIAL RECOVERY OF LATIN AMERICA AND THE CARIBBEAN; INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES

30. The Board decided to discuss simultaneously agenda item 12 (The regional dimension) and its sub-items (a)-(d) and item 13 (Industrialization of the least developed countries). The debate on the two agenda items is reflected in summary records IDB.17/SR.7, paragraphs 11 to 26.

A. Africa, in particular the Second Industrial Development Decade for Africa

31. The Board had before it reports by the Director-General on the Second Industrial Development Decade for Africa (IDB.17/22) and on the Alliance for Africa's Industrialization (IDB.17/26) as well as a note by the Secretariat containing the Plan of Action for the Alliance for Africa's Industrialization (IDB.17/CRP.4). The Board considered a draft decision submitted by the President (IDB.17/L.5) and adopted decision IDB.17/Dec.4 (see annex I).

B. Arab countries programme for industrial development, including technical assistance to the Palestinian people

32. The Board had before it a report by the Director-General on the Arab countries programme for industrial development, including technical assistance to the Palestinian people (IDB.17/16). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 34-35).

C. Special Programme for the Industrial Development of Asia and the Pacific

33. The Board had before it a report by the Director-General on UNIDO activities in Asia and the Pacific (IDB.17/20). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 34-35).

D. Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean

34. The Board had before it a report by the Director-General on UNIDO activities in Latin America and the Caribbean (IDB.17/18). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 34-35).

E. Industrialization of the least developed countries

35. The Board had before it a progress report by the Director-General on the implementation of the least developed countries programme (IDB.17/4). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 37-38).

VI. OPERATIONAL ACTIVITIES FOR DEVELOPMENT; UNIDO CONTRIBUTION TO THE SYSTEM-WIDE ACTION PLAN ON DRUG ABUSE CONTROL

36. The Board decided to discuss simultaneously agenda item 14 (Operational activities for development) and item 15 (UNIDO contribution to the System-Wide Action Plan on Drug Abuse Control). The debate on the two agenda items is reflected in summary record IDB.17/SR.7, paragraphs 27 to 28.

A. Operational activities for development

37. The Board had before it a note by the Director-General on operational activities for development (IDB.17/14). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 37-38).

B. UNIDO contribution to the System-Wide Action Plan on Drug Abuse Control

38. The Board had before it a report by the Director-General on the UNIDO contribution to the System-Wide Action Plan on Drug Abuse Control (IDB.17/7). At the suggestion of the President, the Board took note of the information provided by the Director-General (IDB.17/SR.8, paras. 37-38).

VII. PERSONNEL MATTERS: (a) UNITED NATIONS JOINT STAFF PENSION FUND; (b) INTERNATIONAL CIVIL SERVICE COMMISSION; JOINT INSPECTION UNIT; MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

39. The Board decided to discuss simultaneously agenda item 17 (Personnel matters), item 18 (Joint Inspection Unit) and item 19 (Matters related to intergovernmental, non-governmental, governmental and other organizations). The debate on the three agenda items is reflected in summary record IDB.17/SR.7, paragraphs 29 to 69.

A. Personnel matters

40. The Board had before it a report by the Director-General on personnel matters (IDB.17/5), a list of staff of the UNIDO Secretariat as of 14 May 1997 (IDB.17/CRP.1 and Corr.1), and a conference room paper containing a note by the Secretariat on personnel matters (IDB.17/CRP.8). The Board considered two draft decisions submitted by the President (IDB.17/L.6; IDB.17/L.7) and adopted decisions IDB.17/Dec.5 and IDB.17/Dec.6 (see annex I).

B. Joint Inspection Unit

41. The Board had before it a note by the Secretariat on activities of the Joint Inspection Unit of relevance to UNIDO (IDB.17/13). At the suggestion of the President, the Board took note of the information provided by the Secretariat (IDB.17/SR.8, paras. 45-46).

C. Matters related to intergovernmental, non-governmental, governmental and other organizations

42. The Board had before it notes by the Director-General containing information on intergovernmental organizations not in the United Nations system (IDB.17/21) and on applications from non-governmental organizations for consultative status (IDB.17/12). The Board considered two draft decisions submitted by the President (IDB.17/L.3; IDB.17/L.4) and adopted decisions IDB.17/Dec.7 and IDB.17/Dec.8 (see annex I).

VIII. PREPARATIONS FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE

43. The Board had before it a report by the Director-General on preparations for the seventh session of the General Conference (IDB.17/15). The debate on item 20 is reflected in summary records IDB.17/SR.7, paragraph 70. The Board considered a draft decision submitted by the President (IDB.17/L.9) and adopted decision IDB.17/Dec.9 (see annex I).

IX. PROVISIONAL AGENDA AND DATE OF THE EIGHTEENTH SESSION

44. The Board had before it a note by the Director-General on the provisional agenda and date of the eighteenth session (IDB.17/CRP.2). The debate on item 21 is reflected in summary record IDB.17/SR.8, paragraphs 54 to 60. The Board considered a draft decision submitted by the President (IDB.17/L.8) and adopted decision IDB.17/Dec.10 (see annex I).

X. ADOPTION OF THE REPORT

45. The Board considered the draft report (IDB.17/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB.17/SR.8, paras. 61-63).

XI. CLOSURE OF THE SESSION

46. On 27 June, at 4.55 p.m., the Board closed its seventeenth session.

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS SEVENTEENTH SESSION

Decision No.	*Title*	*Page*
IDB.17/Dec.1	Utilization of available conference-servicing resources (IDB.17/SR.1, paras. 33-35)	9
IDB.17/Dec.2	Business plan on the future role and functions of UNIDO (IDB.17/SR.8, paras. 6-27)	9
IDB.17/Dec.3	Financial situation of UNIDO (IDB.17/SR.8, paras. 28-29)	11
IDB.17/Dec.4	Plan of Action for the Alliance for Africa's Industrialization (IDB.17/SR.8, paras. 33-34)	12
IDB.17/Dec.5	Personnel matters (IDB.17/SR.8, paras. 40-41)	13
IDB.17/Dec.6	UNIDO Staff Pension Committee (IDB.17/SR.8, paras. 42-44)	13
IDB.17/Dec.7	Intergovernmental organizations not in the United Nations system (IDB.17/SR.8, paras. 47-48)	13
IDB.17/Dec.8	Applications from non-governmental organizations for consultative status with UNIDO (IDB.17/SR.8, paras. 49-51)	13
IDB.17/Dec.9	Provisional agenda for the seventh session of the General Conference (IDB.17/SR.8, paras. 52-53)	13
IDB.17/Dec.10	Provisional agenda and date of the eighteenth session (IDB.17/SR.8, paras. 54-60)	14

IDB.17/Dec.1 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its seventeenth session only and provided no substantive decisions were taken at those meetings.

1st plenary meeting
23 June 1997

IDB.17/Dec.2 BUSINESS PLAN ON THE FUTURE ROLE AND FUNCTIONS OF UNIDO

The Industrial Development Board:

(a) Recalled its decision IDB/S.7/Dec.3;

(b) Expressed its high appreciation of the work carried out by the intersessional working group on the future role and functions of UNIDO under the chairmanship of Mr. I. Posta (Hungary);

(c) Adopted the business plan on the future role and functions of UNIDO, as contained in the annex to the present decision;

(d) Requested the intersessional working group to continue its work under the chairmanship of Mr. I. Posta (Hungary);

(e) Also requested the intersessional working group in particular to further develop, in consultation with the Secretariat, a set of criteria and indicators that would allow the future assessment of the implications and monitoring of the implementation of the UNIDO reform process, including the performance of the Organization, in particular through the programme and budget;

(f) Further requested the chairman of the intersessional working group to report to the Industrial Development Board before the seventh session of the General Conference.

8th plenary meeting
27 June 1997

Annex

BUSINESS PLAN ON THE FUTURE ROLE AND FUNCTIONS OF UNIDO

In the context of the ongoing reform process, the present business plan provides the basis for enabling UNIDO to adapt its functions and priorities and orient its activities to the new realities of the changing global economic environment and ensure its viability and efficiency.

UNIDO will concentrate on those support functions in which the Organization has a comparative advantage over other multilateral development organizations and bilateral assistance. Activities will be directed primarily to support institutions rather than to individual enterprises, thus emphasizing upstream activities such as policy advisory services and institutional capacity-building. Support will be provided for the development of small and medium enterprises (SMEs) as the principal means for achieving equitable and sustainable industrial development. Emphasis will be given by UNIDO to the integration of women in industrial development.

UNIDO will provide its support primarily in comprehensive packages of integrated services and will further strengthen its existing capacity in this regard through interdisciplinary team-building.

While sharpening its focus in accordance with the above direction, UNIDO should continue to pursue the implementation of its mandates to support and promote the sustainable industrial development of developing countries and countries with economies in transition. Preserving the universal character of the Organization, UNIDO will give special emphasis to least developed countries, in particular in Africa.

Throughout its programmes, UNIDO will promote international industrial cooperation: between developed and developing countries, among developing countries and between developing countries and countries with economies in transition.

Future activities of UNIDO

The activities of UNIDO will be regrouped in two areas:

A. Strengthening of industrial capacities

1. Promotion of investment and related technologies;

2. Programmes in support of the global forum function and policy advice, including those relating to:

(a) Industrial policy advice based on action-oriented research;

(b) Institutional capacity-building at the country and sectoral levels;

(c) Quality, standardization and metrology;

(d) Industrial information through networking, including information on the transfer of technology;

(e) Industrial statistics.

B. Cleaner and sustainable industrial development

1. Support programmes on environmentally sustainable industrial development strategies and technologies, including on transfer of environmental technologies within industrial subsectors assigned high priority;

2. Development of specific norms and standards relating to environmentally sustainable industrial development strategies and technologies, and implementation of international protocols, agreements and conventions.

The above implies discontinuation of a number of activities:

(a) Activities in the field of privatization;

(b) Separate enterprise-level interventions not linked to the institutional or policy level;

(c) The preparation of project-specific feasibility studies within investment promotion activities, while maintaining a basic training capacity on relevant methodologies;

(d) Promotion of advanced technologies without proven industrial use;

(e) Research and industrial studies which are not clearly target-oriented;

(f) Activities in the field of energy, except those related to improvement of energy-efficiency of industries and to cleaner production;

(g) Activities in non-agro-based industries (engineering, metallurgical and chemical industries), unless related primarily to environmental issues or to agro-based industries;

(h) Services in relation to industrial subsectors which have already been assigned low priority;

(i) General activities related to country-level programming at Headquarters, in light of the future changes in field representation;

(j) Human resources development activities not integrated in a specific project or programme;

(k) Emergency relief activities with no industrial development aspect.

The discontinuation of activities will apply to new projects only. It is understood that approved projects will be implemented in accordance with the relevant project documents.

Concentration of activities

While maintaining its universal character and vocation, a geographical, sectoral and thematic concentration of the activities of UNIDO will be pursued by giving added emphasis to the following:

(a) Services to LDCs, in particular in Africa, with special attention to the regional and subregional level;

(b) Services in support of agro-based industries and their integration through subsectoral linkages into national industrial structures;

(c) Services in support of SMEs and their integration into national industrial structures.

Financing and budget

The format and presentation of the programme and budget document is to be revised to reflect a programmatic approach, in particular by grouping the substantive activities of the Organization into two major programme areas covering (a) the strengthening of industrial capacities and (b) cleaner and sustainable industrial development.

The preparation of the proposed 1998-1999 programme and budgets should be based on the programmes as elaborated in the business plan, reflecting a number of issues, i.e. changes in membership, discontinuation of activities, streamlining the organizational structures and introducing efficiency-enhancing measures. In this respect, an indicative level of 20 per cent and 10 per cent reduction of the budget is proposed for the preparation of the budget proposals.

Budgetary adjustments are to be achieved by:

(a) The introduction of efficiency-enhancing measures, including, *inter alia*, outsourcing of some administrative activities, reduction in the number and/or length of policy-making organs meetings, and reduction in non-staff expenditure items, including travel, publications, consultants and meetings;

(b) The discontinuation of activities;

(c) The streamlining of organizational structures.

It is understood that the implementation of budgetary adjustments could result in costs for staff separations in the programmes affected.

New approaches to (a) enhance funds mobilization, including cost-sharing arrangements for programmes and (b) promote the timely payment of assessed contributions by Member States are to be pursued.

New organizational structure

The structure of UNIDO will emanate from the business plan and, based on the two clusters, will include the following substantive divisions: (a) Investment promotion and institutional capacity-building, and (b) Sectoral support and environmental sustainability. A third component will comprise functions related to administration, operational support and coordination of field representation. The Office of the Director-General will include a small organizational unit dealing with functions related to policy coordination, external relations, legal advice and internal audit.

In the interest of ensuring a flat organizational structure, the head of one of the three organizational components will be designated, on a continuing basis, to act as deputy to the Director-General, whose responsibilities shall include coordination within UNIDO and acting on behalf of the Director-General, in the case of the latter's absence from Vienna. Also in keeping with the leaner hierarchical structure, authority will be delegated to the maximum extent possible to the middle-management levels of the Organization, whose role would be accordingly strengthened.

In defining the organizational structure of the Organization, an effective decentralization of activities and strengthened field representation has to be secured. This implies, *inter alia*:

(a) Redeployment of resources and professional staff with required level of expertise from Headquarters to the field;

(b) Appropriate delegation of authority;

(c) Formulation of key functions and responsibilities of field offices.

In this context, subregional offices will be established wherever functionally justified. Contributions from host countries, through cost-sharing or other arrangements, as well as the particular situation of the least developed countries, will be important elements to be taken into account when determining the location of individual field offices.

Functional and programmatic coordination between UNIDO field representation and that of other United Nations bodies have to be improved. UNIDO country offices will be integrated in a unified United Nations representation whenever feasible and cost-effective.

IDB.17/Dec.3 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board:

(a) Took note with concern of the financial situation of UNIDO as reflected in the report of the Director-General on the financial situation of UNIDO (IDB.17/24 and IDB.17/CRP.5) and in the report of the External Auditor on the interim accounts for the first year of the financial period 1996-1997 ended 31 December 1996 (PBC.13/3—IDB.18/3);

(b) Urged those Member States that have not yet paid their assessed contributions for the bienniums 1986-1987 to 1996-1997 to do so without delay;

(c) Requested the open-ended discussion group on the timely payment of assessed contributions to present concrete recommendations in this regard to the Board before the seventh session of the General Conference;

(d) Expressed its deep concern at the non-payment of arrears of assessed contributions to UNIDO by a former Member State and, in that regard, urged that State to meet immediately its international financial obligations;

(e) Requested the Director-General, in the context of proposed legislation prohibiting this payment, to continue discussions with that former Member State, to explore all possibilities for the collection of the arrears of $61.3 million and to report to the Board at its eighteenth session.

8th plenary meeting
27 June 1997

IDB.17/Dec.4 PLAN OF ACTION FOR THE ALLIANCE FOR AFRICA'S INDUSTRIALIZATION

The Industrial Development Board:

(a) Recalled Industrial Development Board decisions IDB.14/Dec.16, IDB.15/Dec.6, IDB.16/Dec.15 as well as IDB.16/Dec.13;

(b) Took into account the business plan on the future role and functions of UNIDO (decision IDB.17/Dec.2);

(c) Took note of the information provided by the Director-General as contained in documents IDB.17/22 and IDB.17/26, as well as in document IDB.17/CRP.4;

(d) Endorsed the Plan of Action for the Alliance for Africa's Industrialization as the implementation mechanism for a refocused Second Industrial Development Decade for Africa programme;

(e) Requested the Director-General to ensure that the Plan of Action serves as a framework for the future activities of UNIDO in Africa, particularly for its least developed countries;

(f) Requested the UNIDO Secretariat to ensure, within available financial resources, the effective co-ordination of the activities of the Alliance in close collaboration with the Organization for African Unity, the Economic Commission for Africa and other relevant cooperating partners.

8th plenary meeting
27 June 1997

IDB.17/Dec.5 PERSONNEL MATTERS

The Industrial Development Board:

(a) Took note of the information contained in document IDB.17/5;

(b) Noted the amendments made, in pursuance of staff regulation 13.3, to schedules I and III and annex I to the UNIDO Staff Regulations in order to bring them into conformity with the decisions of the General Assembly set out in resolution 51/216;

(c) Also noted the amendments to appendices C, E and N to the UNIDO Staff Rules in order to bring them into conformity with the decisions of the General Assembly set out in resolutions 51/216 and 51/217;

(d) Further noted the amendments to staff rules 103.12, 200.01 and appendices A and M to the staff rules as reflected in paragraphs 10 to 12 of document IDB.17/5.

8th plenary meeting
27 June 1997

IDB.17/Dec.6 UNIDO STAFF PENSION COMMITTEE

The Industrial Development Board:

(a) Recalled General Conference decision GC.6/Dec.19 concerning the election to the UNIDO Staff Pension Committee for the biennium 1996-1997;

(b) Recommended to the General Conference the following candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 1998-1999:

Members:	Mr. S. O. Fatunla	(Nigeria)
	Ms. M. Bruck-Friedrich	(Austria)
Alternate members:	Mr. J. Pogány	(Hungary)
	[name to be provided]	(.....)

(c) Took note that one additional candidature for the election of an alternate member of the UNIDO Staff Pension Committee would be provided directly to the General Conference.

8th plenary meeting
27 June 1997

IDB.17/Dec.7 INTERGOVERNMENTAL ORGANIZATIONS NOT IN THE UNITED NATIONS SYSTEM

The Industrial Development Board:

(a) Took note of the information provided in document IDB.17/21;

(b) Authorized the Director-General, in accordance with Article 19.1 (a) of the Constitution of UNIDO and the Guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 9) and on the basis of the information contained in the annex to document IDB.17/21, to conclude an appropriate relationship agreement with the following intergovernmental organization:

Arab Maghreb Union (AMU).

8th plenary meeting
27 June 1997

IDB.17/Dec.8 APPLICATIONS FROM NON-GOVERNMENTAL ORGANIZATIONS FOR CONSULTATIVE STATUS WITH UNIDO

The Industrial Development Board:

(a) Took note of the information provided in document IDB.17/12;

(b) Decided, in accordance with Article 19.1 (b) of the Constitution of UNIDO and the Guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 17), to grant consultative status with UNIDO to the following two non-governmental organizations:

Austrian Society for Environment and Technology (ÖGUT)

International Multiracial Shared Cultural Organization (IMSCO).

8th plenary meeting
27 June 1997

IDB.17/Dec.9 PROVISIONAL AGENDA FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE

The Industrial Development Board:

(a) Took note of the information contained in document IDB.17/15;

(b) Adopted the following provisional agenda for the seventh session of the General Conference:

1. Opening of the session.
2. Election of officers:
   (a) Election of the President;
   (b) Election of other officers.
3. Adoption of the agenda.
4. Organization of work.
5. Credentials of representatives to the Conference.
6. Elections to organs:
   (a) Industrial Development Board;
   (b) Programme and Budget Committee.
7. Reports of the Industrial Development Board on the work of its fifteenth, sixteenth, seventeenth and eighteenth regular sessions and of its seventh special session.
8. Annual reports of the Director-General on the activities of the Organization for 1995 and 1996.
9. Policy framework of UNIDO.
10. Financial matters:
    (a) Financial situation of UNIDO;
    (b) Scale of assessments of Member States;

(c) Working Capital Fund;

(d) Appointment of external auditor.

11. Industrial Development Fund.

12. Financial Regulations of UNIDO.

13. Medium-term programme framework, 1998-2001.

14. Programme and budgets, 1998-1999.

15. Development of human resources for industry.

16. Integration of women in industrial development.

17. Environmentally sustainable industrial development.

18. Industrialization of the least developed countries.

19. Private sector development.

20. Industrial investment promotion.

21. The regional dimension

(a) Africa (in particular the Second Industrial Development Decade for Africa);

(b) Arab countries programme, including technical assistance to the Palestinian people;

(c) Asia and the Pacific;

(d) Latin America and the Caribbean.

22. Geographical distribution of Managing Directors.

23. Personnel matters: United Nations Joint Staff Pension Fund.

24. Matters related to intergovernmental, non-governmental, governmental and other organizations.

25. Appointment of the Director-General.

26. Date and place of the eighth session.

27. Closure of the session.

8th plenary meeting
27 June 1997

IDB.17/Dec.10 PROVISIONAL AGENDA AND DATE OF THE EIGHTEENTH SESSION

The Industrial Development Board:

(a) Recalled its decision IDB/S.7/Dec.2;

(b) Took note of the information contained in document IDB.17/CRP.2;

(c) Decided to adopt the following provisional agenda for its eighteenth session:

1. Opening of the session.

2. Adoption of the agenda.

3. Recommendation of a candidate for the post of Director-General.

4. Report of the Programme and Budget Committee:

(a) Scale of assessments;

(b) Interim financial performance report and programme performance report for the biennium 1996-1997;

(c) Programme and budgets, 1998-1999;

(d) Financial regulations and financial rules;

(e) Working Capital Fund;

(f) Appointment of an External Auditor;

(g) Financial situation of UNIDO;

(h) Industrial Development Fund and other voluntary contributions;

(i) Withdrawal of the United States of America.

5. Future role and functions of UNIDO.

6. Preparations for the seventh session of the General Conference.

7. Provisional agenda and date of the nineteenth session.

8. Adoption of the report.

9. Closure of the session.

(d) Also decided to hold the eighteenth session in two parts: part one on 12 September 1997, during which items 1 to 3 would be considered; and part two, to be held during the week of 17 to 21 November 1997, during which items 4 to 9 would be considered.

8th plenary meeting
27 June 1997

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS SEVENTEENTH SESSION

Symbol	*Agenda item*	*Title*
IDB.17/1/Rev.1	3	Agenda
IDB.17/1/Add.1	3	Annotated provisional agenda
IDB.17/2 GC.7/7	4	Establishment of an international centre for hydrogen energy technologies. Report by the Director-General
IDB.17/3 GC.7/8	8	Integration of women in industrial development. Programmes and activities, 1996-1997. Report by the Director-General
IDB.17/4 GC.7/9	13	Implementation of the least developed countries programme. Progress report by the Director-General
IDB.17/5	17	Personnel matters. Report by the Director-General
IDB.17/6 GC.7/10	7	Development of human resources for industry. Report by the Director-General
IDB.17/7	15	UNIDO contribution to the System-Wide Action Plan on Drug Abuse Control. Report by the Director-General
IDB.17/8 GC.7/11	9	Environmentally sustainable industrial development. Report by the Director-General
IDB.17/9	16	UNIDO field representation. Report by the Director-General
IDB.17/10	4	Annual Report of UNIDO 1996
IDB.17/10/Add.1	4	Annual Report of UNIDO 1996. Programme performance report. Operational statistics and other appendices
IDB.17/10/Add.2	4	Annual Report of UNIDO 1996. Programme performance report. List of technical cooperation projects
IDB.17/11 GC.7/12	11	Private sector development. Report by the Director-General
IDB.17/12	19	Applications from non-governmental organizations for consultative status. Note by the Director-General
IDB.17/13	18	Activities of the Joint Inspection Unit of relevance to UNIDO. Note by the Secretariat
IDB.17/14	14	Operational activities for development. Note by the Director-General
IDB.17/15	20	Preparations for the seventh session of the General Conference. Report by the Director-General
IDB.17/16 GC.7/13	12(b)	Arab countries programme for industrial development, including technical assistance to the Palestinian people. Report by the Director-General
IDB.17/17/Rev.1	-	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
IDB.17/18 GC.7/14	12(d)	UNIDO activities in Latin America and the Caribbean. Report by the Director-General
IDB.17/19	5	Implementation of the UNIDO reform. Report by the Director-General

Symbol	*Agenda item*	*Title*
IDB.17/20 GC.7/15	12(c)	UNIDO activities in Asia and the Pacific. Report by the Director-General
IDB.17/21	19	Information on intergovernmental organizations not in the United Nations system. Note by the Director-General
IDB.17/22 GC.7/16	12(a)	Second Industrial Development Decade for Africa. Report by the Director-General
IDB.17/23 GC.7/17	10	Industrial investment promotion. Report by the Director-General
IDB.17/24* and Corr.1	6	Financial situation of UNIDO. Report by the Director-General
IDB.17/25	6	Follow-up to the seventh special session: Draft business plan of the intersessional working group on the future role and functions of UNIDO; Report of the Chairman, Mr. I. Posta (Hungary), Vice-President, Industrial Development Board
IDB.17/26	12(a)	Alliance for Africa's Industrialization. Report by the Director-General
		* * *
IDB.17/CRP.1 and Corr.1	17	List of staff of the UNIDO Secretariat as of 14 May 1997. Submitted by the Secretariat
IDB.17/CRP.2	21	Provisional agenda and date of the eighteenth session. Note by the Director-General
IDB.17/CRP.3	10	Industrial investment promotion. Note by the Secretariat
IDB.17/CRP.4	12	Plan of Action for the Alliance for Africa's Industrialization. Note by the Secretariat
IDB.17/CRP.5*	6	Financial situation of UNIDO. Note by the Secretariat
IDB.17/CRP.6	3	List of documents
IDB.17/CRP.7	6	Preliminary budget estimates, 1998-1999. Note by the Secretariat
IDB.17/CRP.8	17	Personnel matters. Note by the Secretariat
IDB.17/CRP.9	-	List of participants

* Discussed under agenda item 5.

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GENERAL CONFERENCE

Seventh session
Vienna, 1-5 December 1997
Item 7 of the provisional agenda

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF PART ONE OF ITS EIGHTEENTH SESSION

12 September 1997

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 3	2
Chapter			
I.	ORGANIZATIONAL AND PROCEDURAL MATTERS	4 - 14	2
II.	RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL	15 - 16	3
III.	ADOPTION OF THE REPORT AND SUSPENSION OF PART ONE OF THE EIGHTEENTH SESSION	17	3
Annexes			
I.	DECISION ADOPTED BY THE BOARD AT PART ONE OF ITS EIGHTEENTH SESSION		4
II.	DOCUMENTS SUBMITTED TO THE BOARD AT ITS EIGHTEENTH SESSION		5

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V.97-26778 (E)

Distr.: 7 October 1997

Introduction

1. The report of the Industrial Development Board on part one of the work of its eighteenth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the session (IDB.18/SR.1-2), where details of the proceedings are contained, form an integral part of the present report.

2. The decision adopted by the Board at its eighteenth session, reproduced in annex I, calls for action by the General Conference at its seventh session:

IDB.18/Dec.1 Recommendation of a candidate for the post of Director-General

3. Part one of the eighteenth session of the Board was held at UNIDO Headquarters, Vienna International Centre, on 12 September 1997 (2 plenary meetings—see IDB.18/SR.1-2).

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

4. Part one of the eighteenth session of the Board was declared open by the President of the seventeenth session, Mr. I. Posta (Hungary).

Officers of part one of the eighteenth session

5. In accordance with rule 24.2 of its rules of procedure, Mr. H. Wohlk (Denmark) was elected as Vice-President to succeed Mr. J. R. H. Bøjer (Denmark), who had left Vienna.

6. In accordance with rule 23 of its rules of procedure, the other officers of the Board were those elected at the commencement of the first regular session in 1997: Mr. A. Velazco San José (Cuba), Mr. A. A. Halim Mohamed (Sudan) as Vice-Presidents and Mr. A. R. Tootoonchian (Islamic Republic of Iran) as Rapporteur.

Agenda

1. Opening of the session.
2. Adoption of the agenda.
3. Recommendation of a candidate for the post of Director-General.
*4. Report of the Programme and Budget Committee:
   (a) Scale of assessments;
   (b) Interim financial performance report and programme performance report for the biennium 1996-1997;
   (c) Programme and budgets, 1998-1999;
   (d) Financial regulations and financial rules;
   (e) Working Capital Fund;
   (f) Appointment of an External Auditor;
   (g) Financial situation of UNIDO;
   (h) Industrial Development Fund and other voluntary contributions;
   (i) Withdrawal of the United States of America.
*5. Future role and functions of UNIDO.
*6. Preparations for the seventh session of the General Conference.
*7. International Centre for Science and High Technology.**
*8. Provisional agenda and date of the nineteenth session.
*9. Adoption of the report.
*10. Closure of the session.

Participation

7. The following 51 of the 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Bulgaria, China, Colombia, Côte d'Ivoire, Cuba, Denmark, Ecuador, Egypt, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Lebanon, Mexico, Morocco, Netherlands, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Spain, Sudan, Sweden, Switzerland, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland and Zambia.

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* Items to be considered during resumed eighteenth session, to be held during the week of 17 to 21 November 1997 (IDB.17/Dec.10).

** Supplementary item proposed by one Member State in accordance with rule 12 of the rules of procedure of the Board. For the supporting statement, see document IDB.18/16.

8. The following 45 Member States of UNIDO also participated in the session: Angola, Australia, Azerbaijan, Bangladesh, Belarus, Bolivia, Bosnia and Herzegovina, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Ethiopia, Finland, Gabon, Guatemala, Haiti, Iraq, Ireland, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lesotho, Liberia, Libyan Arab Jamahiriya, Luxembourg, Madagascar, Malaysia, New Zealand, Norway, Oman, Panama, Republic of Moldova, Slovakia, Slovenia, Sri Lanka, Thailand, the former Yugoslav Republic of Macedonia, Ukraine, Uruguay, Venezuela, Yemen and Zimbabwe.

9. The Holy See participated as observer.

10. The Permanent Observer of Palestine also participated.

11. The following United Nations bodies were represented: Economic Commission for Africa, United Nations Development Programme and United Nations Office at Vienna.

12. The following specialized agencies were represented: United Nations Educational, Scientific and Cultural Organization and World Health Organization.

13. The following intergovernmental organizations were represented: International Organization for Migration, League of Arab States and Organization of African Unity.

14. The following non-governmental organizations were represented: Austrian Society for Environment and Technology, European Union of Public Relations, International Confederation of Free Trade Unions, International Organisation of Employers and World Association for Small and Medium Enterprises.

II. RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL

15. The Board had before it a note by the Secretariat on the appointment of the Director-General (IDB.18/6). In accordance with rule 61 of its rules of procedure, the Board considered in private meetings the nominations for the post of Director-General. The Board considered a draft decision submitted by the President (IDB.18/L.2) and adopted decision IDB.18/Dec.1 (see annex I).

16. The Board also had before it a note by the Secretariat containing a draft contract for the appointment of the Director-General (IDB.18/7). The Board considered a draft decision submitted by the President (IDB.18/L.3) and decided to consider the matter at its resumed eighteenth session. The debate on the subject is reflected in summary record IDB.18/SR.2, paragraphs 3 to 6.

III. ADOPTION OF THE REPORT AND SUSPENSION OF PART ONE OF THE EIGHTEENTH SESSION

17. The Board entrusted the Rapporteur with the task of finalizing the report (see summary record IDB.18/SR.2, paras. 13-14), and suspended its eighteenth session on 12 September 1997 at 6.30 p.m.

Annex I

DECISION ADOPTED BY THE BOARD AT PART ONE OF ITS EIGHTEENTH SESSION

IDB.18/Dec.1 RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL

The Industrial Development Board, acting in accordance with Article 11.2 of the Constitution, decided to recommend to the General Conference the appointment of Mr. Carlos Alfredo Magariños as Director-General of UNIDO for a period of four years from 8 December 1997 or until the Director-General appointed at the ninth regular session of the General Conference assumes office, whichever is later.

2nd plenary meeting
12 September 1997

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS EIGHTEENTH SESSION

Symbol	Agenda item	Title
IDB.18/1/Rev.1	2	Provisional agenda
IDB.18/1/Add.1	2	Annotated provisional agenda
IDB.18/2	9	Report of the Programme and Budget Committee on the work of its thirteenth session
IDB.18/3-PBC.13/3	4 (g)	Report of the External Auditor on the interim accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the first year of the fiscal period 1996-1997 ended 31 December 1996
IDB.18/4-PBC.13/4	4 (b)	Interim financial performance report for the biennium 1996-1997. Submitted by the Director-General
IDB.18/5-PBC.13/5	4 (g)	Intersessional open-ended discussion group to study applicable measures to expedite timely payment of assessed contributions. Report of the Chairman (H.E. Mr. S.K. Lee, Republic of Korea)
IDB.18/6 and Add.1	3	Recommendation of a candidate for the post of Director-General. Note by the Secretariat
IDB.18/7	3	Draft contract for appointment of the Director-General. Note by the Secretariat
IDB.18/8-PBC.13/6	4 (d)	Intersessional working group on proposed amendments to the financial regulations. Report of the Chairman (H.E. Mr. F. Mayrhofer-Grünbühel, Austria)
IDB.18/9-PBC.13/7	4 (h)	Industrial Development Fund and other voluntary contributions. Report by the Director-General
IDB.18/10-PBC.13/8	4 (e)	Working Capital Fund for the biennium 1998-1999. Proposals by the Director-General
IDB.18/11-PBC.13/9	4 (i)	Issues arising from the withdrawal of the United States. Report by the Director-General
IDB.18/12-PBC.13/11	4 (d)	Amendments to the financial rules. Report by the Director-General
IDB.18/13-PBC.13/12	4 (a)	Scale of assessments for the fiscal period 1998-1999. Note by the Secretariat
IDB.18/14-PBC.13/13	4 (g)	Financial situation of UNIDO. Report by the Director-General

Symbol	Agenda item	Title
IDB.18/15/1-PBC.13/14/1	4 (c)	Programme and budgets, 1998-1999. Indicative 10 per cent budget reduction. Proposals by the Director-General
IDB.18/15/2-PBC.13/14/2	4 (c)	Programme and budgets, 1998-1999. Indicative 20 per cent budget reduction. Proposals by the Director-General
IDB.18/15/3-PBC.13/14/3	4 (c)	Programme and budgets, 1998-1999. Indicative 30 per cent budget reduction. Proposals by the Director-General
IDB.18/15/4-PBC.13/14/4	4 (c)	Programme and budgets, 1998-1999. Programmatic and policy implications of the indicative budget reduction proposals. Submitted by the Director-General
IDB.18/15/5-PBC.13/14/5	4 (c)	Programme and budgets, 1998-1999. Personnel and financial implications of the indicative budget reduction proposals. Submitted by the Director-General
IDB.18/16	7	International Centre for Science and High Technology. Note by the Director-General
		* * * * *
IDB.18/CRP.1	-	List of participants

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27 November 1997

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Seventh session
Vienna, 1-5 December 1997
Item 7 of the provisional agenda

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS RESUMED EIGHTEENTH SESSION

(17-19 November 1997)

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 3	2
Chapter			
I.	ORGANIZATIONAL AND PROCEDURAL MATTERS	4 - 14	3
II.	RECOMMENDATIONS OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL	15	4
III.	REPORT OF THE PROGRAMME AND BUDGET COMMITTEE:	16 - 24	4
	(a) Scale of assessments;	17	5
	(b) Interim financial performance report and programme performance report for the biennium 1996-1999;	18	5
	(c) Programme and budgets, 1998-1999;	19	5
	(d) Financial regulations and financial rules;	20	5
	(e) Working Capital Fund;	21	5
	(f) Appointment of an external auditor;	22	5
	(g) Financial situation of UNIDO;	23	6
	(h) Industrial Development Fund and other voluntary contributions	24	6
IV.	WITHDRAWAL OF THE UNITED STATES OF AMERICA	25 - 26	6
V.	FUTURE ROLE AND FUNCTIONS OF UNIDO	27	6

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V.97-28595 (E) (a:\1997\pmo 10)

CONTENTS (*continued*)

		Paragraphs	*Page*
VI.	PREPARATIONS FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE	28	6
VII.	INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY	29	7
VIII.	PROVISIONAL AGENDA AND DATE OF THE NINETEENTH SESSION	30	7
IX.	ADOPTION OF THE REPORT	31	7
X.	CLOSURE OF THE SESSION	32	7

Annexes

I. Decisions adopted by the Board at its resumed eighteenth session 8

II. Documents submitted to the Board at its resumed eighteenth session 23

Introduction

1. The report of the Industrial Development Board on its resumed eighteenth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the session (IDB.18/SR.3-7), where details of the proceedings are contained, form an integral part of the present report.

2. The following decisions listed below, reproduced in annex I, call for action by the General Conference at its seventh session:

IDB.18/Dec.3	Terms and conditions of appointment of the Director-General
IDB.18/Dec.4	Scale of assessments
IDB.18/Dec.5	Programme and budgets, 1998-1999
IDB.18/Dec.6	Personnel and related financial implications of the proposed budget reductions
IDB.18/Dec.7	Financial regulations and financial rules
IDB.18/Dec.8	Working Capital Fund
IDB.18/Dec.9	Appointment of an external auditor
IDB.18/Dec.13	Options for the collection of unpaid assessed contributions from the United States Government

IDB.18/Dec.15 Preparations for the seventh session of the General Conference

IDB.18/Dec.16 International Centre for Science and High Technology (ICS)

3. The resumed eighteenth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 17 to 19 November 1997 (5 plenary meetings — see IDB.18/SR.3-7).

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

4. The resumed eighteenth session of the Board was declared open by its President, Mr. I. Posta (Hungary).

Officers of the resumed eighteenth session

5. The officers of the resumed eighteenth session were those elected at the commencement of the first regular session in 1997 and at part one of the eighteenth session: Mr. A. Velazco San José (Cuba), Mr. H. Wøhlk (Denmark), Mr. A. A. Halim Mohamed (Sudan) as Vice Presidents and Mr. A. R. Tootoonchian (Islamic Republic of Iran) as Rapporteur.

Agenda

1. Opening of the session
2. Adoption of the agenda.
3. Recommendation of a candidate for the post of Director-General.
4. Report of the Programme and Budget Committee:
   - (a) Scale of assessments;
   - (b) Interim financial performance report and programme performance report for the biennium 1996-1997;
   - (c) Programme and budgets, 1998-1999;
   - (d) Financial regulations and financial rules;
   - (e) Working Capital Fund;
   - (f) Appointment of an External Auditor;
   - (g) Financial situation of UNIDO;
   - (h) Industrial Development Fund and other voluntary contributions;
   - (i) Withdrawal of the United States of America.
5. Future role and functions of UNIDO.
6. Preparations for the seventh session of the General Conference.
7. International Centre for Science and High Technology.
8. Provisional agenda and date of the nineteenth session.
9. Adoption of the report.
10. Closure of the session.

6. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.18/Dec.2).

Participation

7. The following 47 of the 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Bulgaria, China, Colombia, Cuba, Denmark, Ecuador, Egypt, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Lebanon, Mexico, Morocco, Netherlands, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Spain, Sudan, Sweden, Switzerland, Tunisia, Turkey, United Arab Emirates and the United Kingdom of Great Britain and Northern Ireland.

8. The following 42 Member States of UNIDO also participated in the session: Afghanistan, Angola, Armenia, Australia, Azerbaijan, Belarus, Bolivia, Bosnia and Herzegovina, Chile, Croatia, Czech Republic, Democratic People's Republic of Korea, Ethiopia, Finland, Georgia, Guatemala, Haiti, Iraq, Ireland, Israel, Jordan, Kuwait, Liberia, Libyan Arab Jamahiriya, Luxembourg, Malaysia, Namibia, New Zealand, Norway, Oman, Panama, Republic of Moldova, Slovakia, Slovenia, Sri Lanka, Thailand, The former Yugoslav Republic of Macedonia, Ukraine, Uruguay, Venezuela, Viet Nam and Yemen.

9. The Holy See and South Africa participated as observers.

10. The Permanent observer of Palestine also participated.

11. The following United Nations bodies were represented: United Nations Development Programme and United Nations Office at Vienna.

12. The following specialized agencies were represented: Food and Agriculture Organization of the United Nations, International Atomic Energy Agency, United Nations Educational, Scientific and Cultural Organization and World Health Organization.

13. The following intergovernmental organizations were represented: European Commission, League of Arab States and Organisation of the Islamic Conference.

14. The following non-governmental organizations were represented: Association of African Development Finance Institutions, Austrian Senior Experts Pool, International Confederation of Free Trade Unions, International Academy of Technological Sciences and World Association for Small and Medium Enterprises.

II. RECOMMENDATIONS OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL

15. The Board had before it under item 3 a note by the Secretariat containing a draft contract for the appointment of the Director-General (IDB.18/7). The Board considered a draft decision submitted by the President (IDB.18/L.4) and adopted decision IDB.18/Dec.3 (see annex I).

III. REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

16. The Board decided to discuss simultaneously sub-items (a) to (h). The debate on those sub-items is reflected in summary records IDB.18/SR.3, paragraphs 21 to 58, IDB.18/SR.4, paragraphs 1 to 89 and IDB.18/SR.5, paragraphs 1 to 6. The Board had before it the report of the Programme and Budget Committee on the work of its thirteenth session (IDB.18/2 and Add.1) and the documents mentioned under A to H below.

A. Scale of assessments

17. The Board had before it a note by the Secretariat on the scale of assessments for the fiscal period 1998-1999 (IDB.18/13) and Programme and Budget Committee conclusion 97/5 on the scale of assessments for the apportionment of the regular budget expenses. The Board considered a draft decision submitted by the President (IDB.18/L.6) and adopted decision IDB.18/Dec.4 (see annex I).

B. Interim financial performance report and programme performance report for the biennium 1996-1997

18. The Board had before it the interim financial performance report for the biennium 1996-1997 submitted by the Director-General (IDB.18/4) and the Annual Report of UNIDO 1996 (including interim programme performance report for the biennium 1996-1997) (IDB.17/10, Add.1 and Add.2). At the suggestion of the President, the Board took note of the documentation provided by the Director-General (IDB.18/SR.7, paragraphs 8 to 9).

C. Programme and budgets, 1998-1999

19. The Board had before it revised proposals submitted by the Director-General for the programme and budgets, 1998-1999 (IDB.18/15/6), a report by the Director-General on personnel and financial implications of the proposed budget reductions (IDB.18/15/5/Rev.1), the report of the Chairman (Mr. M. F. Khalil, Tunisia) of the informal open-ended working group on personnel and financial aspects related to staff reductions, (PBC.13/16 and Corr.1), PBC conclusion 97/10 on the programme and budgets, 1998-1999 and the recommendations of the Programme and Budget Committee at its resumed thirteenth session of 18 November 1997 on personnel and related financial implications of the budget reductions. The Board considered a draft decision submitted by the President (IDB.18/L.11) with an amendment also submitted by the President, and a draft decision submitted by the Chairman of the Programme and Budget Committee (IDB.18/L.19) and adopted decisions IDB.18/Dec.5 and IDB.18/Dec.6 (see annex I).

D. Financial regulations and financial rules

20. The Board had before it the report of the Chairman (Mr. F. Mayrhofer-Grünbühel, Austria) of the intersessional working group on proposed amendments to the financial regulations (IDB.18/8), a report by the Director-General on amendments to the financial rules (IDB.18/12) and PBC conclusion 97/3 on financial regulations and financial rules. The Board considered a draft decision submitted by the President (IDB.18/L.5) and adopted decision IDB.18/Dec.7 (see annex I).

E. Working Capital Fund

21. The Board had before it information on the status of advances to the Working Capital Fund (IDB.18/CRP.4), proposals by the Director-General on the Working Capital Fund for the biennium 1998-1999 (IDB.18/10) and PBC conclusion 97/6 on the Working Capital Fund for the biennium 1998-1999. The Board considered a draft decision submitted by the President (IDB.18/L.7) and adopted decision IDB.18/Dec.8 (see annex I).

F. Appointment of an External Auditor

22. The Board had before it a report by the Director-General on candidatures for the appointment of an external auditor (PBC.13/2) and PBC conclusion 97/8 on proposals for the appointment of an external auditor. The Board considered a draft decision submitted by the President (IDB.18/L.8) and adopted decision IDB.18/Dec.9 (see annex I).

G. Financial situation of UNIDO

23. The Board had before it the report of the External Auditor on the interim accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the first year of the fiscal period 1996-1997 (IDB.18/3), the report of the chairman (Mr. S. K. Lee, Republic of Korea) of the open-ended discussion group to study applicable measures to expedite timely payment of assessed contributions (IDB.18/5), reports by the Director-General on the financial situation of UNIDO (IDB.18/14, IDB.18/20, IDB.18/CRP.2 and CRP.4), a note by the Secretariat on the practice of borrowing by United Nations specialized agencies (IDB.18/CRP.3) and PBC conclusion 97/2 on the financial situation of UNIDO including the withdrawal of the United States of America. The Board considered a draft decision submitted by the President (IDB.18/L.9) and adopted decision IDB.18/Dec.10 (see annex I). Having considered an oral proposal submitted by the President, the Board also adopted decision IDB.18/Dec.11 (see annex I).

H. Industrial Development Fund and other voluntary contributions

24. The Board had before it a report by the Director-General on the Industrial Development Fund and other voluntary contributions (IDB.18/9), information contained in the Annual Report of UNIDO 1996 on the nature of projects financed from the Industrial Development Fund (IDB.17/10, Add.1, appendix C) and on the nature of projects financed from third party and self-financed trust funds (IDB.17/.10, Add.1, appendix D) and PBC conclusion 97/7 on the Industrial Development Fund and other voluntary contributions. The Board considered a draft decision submitted by the President (IDB.18/L.10) and adopted decision IDB.18/Dec.12 (see annex I).

IV. WITHDRAWAL OF THE UNITED STATES OF AMERICA

25. The Board decided to discuss item 4 (i) separately. The debate on that item is reflected in summary record IDB.18/SR.5 paragraphs 7 to 34.

26. The Board had before it a document submitted by the Director-General on issues arising from the withdrawal of the United States (IDB.18/11), a note by the Secretariat on options for the recovery of arrears (IDB.18/18) and PBC conclusion 97/2 on the financial situation of UNIDO including the withdrawal of the United States of America. The Board considered a draft decision submitted by the President (IDB.18/L.17) and, with an amendment, adopted decision IDB.18/Dec.13 (see annex I).

V. FUTURE ROLE AND FUNCTIONS OF UNIDO

27. The Board had before it the report of the Chairman (Mr. I. Posta, Hungary) of the intersessional working group on the future role and functions of UNIDO (IDB.18/17). The debate on item 5 is reflected in summary record IDB.18/SR.5, paragraphs 35 to 55. The Board considered a draft decision submitted by the President (IDB.18/L.16) and adopted decision IDB.18/Dec.14 (see annex I).

VI. PREPARATIONS FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE

28. The Board had before it a note by the Secretariat on preparations for the seventh session of the General Conference (IDB.18/19). The debate on item 6 is reflected in summary record IDB.18/SR.5, paragraphs 58 to 64. The Board considered a draft decision submitted by the President (IDB.18/L.13) and adopted decision IDB.18/Dec.15 (see annex I).

VII. INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY

29. The Board had before it a note by the Director-General on the International Centre for Science and High Technology (IDB.18/16 and Add.1 and 2). The debate on item 7 is reflected in summary record IDB.18/SR. 6, paragraphs 1 to 35. The Board considered a draft decision submitted by the President (IDB.18/L.18) and adopted decision IDB.18/Dec.16 (see annex I).

VIII. PROVISIONAL AGENDA AND DATE OF THE NINETEENTH SESSION

30. The Board had before it a note by the Secretariat on the provisional agenda and date of the nineteenth session (IDB.18/CRP.6) and PBC conclusion 97/13 on the date of the fourteenth session of the Programme and Budget Committee. The debate on item 8 is reflected in summary record IDB.18/SR.7, paragraphs 49 to 53. The Board considered two draft decisions submitted by the President (IDB.18/L.14, IDB.18/L.15) and adopted decisions IDB.18/Dec.17 and IDB.18/Dec.18 (see annex I).

IX. ADOPTION OF THE REPORT

31. The Board considered the draft report (IDB.18/L.12) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB.18/SR.7, paragraphs 59-61).

X. CLOSURE OF THE SESSION

32. On 19 November, at 7.20 p.m. the Board closed its eighteenth session.

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS RESUMED EIGHTEENTH SESSION

Decision No.	*Title*	*Page*
IDB.18/Dec.2	Utilization of available conference-servicing resources (IDB.18/SR.3, paras.2-3)	9
IDB.18/Dec.3	Terms and conditions of appointment of the Director-General (IDB.18/SR.5, paras. 56-57)	9
IDB.18/Dec.4	Scale of assessments (IDB.18/SR.7, paras. 6-7)	11
IDB.18/Dec.5	Programme and budgets, 1998-1999 (IDB.18/SR.7, paras. 3, 10, 11)	12
IDB.18/Dec.6	Personnel and related financial implications of the proposed budget reductions (IDB.18/SR.7, paras. 12-14)	13
IDB.18/Dec.7	Financial regulations and financial rules (IDB.18/SR.7, paras. 15-16)	14
IDB.18/Dec.8	Working Capital Fund (IDB.18/SR.7, paras. 17-18)	16
IDB.18/Dec.9	Appointment of an external auditor (IDB.18/SR.7, paras. 19-20)	17
IDB.18/Dec.10	Financial situation of UNIDO, including withdrawal of the United States of America (IDB.18/SR.7, paras. 21-34)	17
IDB.18/Dec.11	Financial situation of UNIDO (IDB.18/SR.7, paras. 38-39)	18
IDB.18/Dec.12	Industrial Development Fund and other voluntary contributions (IDB.18/SR.7, paras. 40-41)	18
IDB.18/Dec.13	Options for the collection of unpaid assessed contributions from the United States Government (IDB.18/SR.7, paras. 21-37)	18
IDB.18/Dec.14	Future role and functions of UNIDO (IDB.18/SR.7, paras. 42-43)	19
IDB.18/Dec.15	Preparations for the seventh session of the General Conference (IDB.18/SR.7, paras. 44-46)	19
IDB.18/Dec.16	International Centre for Science and High Technology (ICS) (IDB.18/SR.7, paras. 47-48)	20
IDB.18/Dec.17	Number and duration of sessions of the Industrial Development Board and the Programme and Budget Committee (IDB.18/SR.7, paras. 54-55)	21
IDB.18/Dec.18	Dates of sessions of the policy-making organs of UNIDO for 1998 (IDB.18/SR.7, paras. 56-58)	21

IDB.18/Dec.2 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its eighteenth session only and provided no substantive decisions were taken at those meetings.

3rd plenary meeting
17 November 1997

IDB.18/Dec. 3 TERMS AND CONDITIONS OF APPOINTMENT OF THE DIRECTOR-GENERAL

The Industrial Development Board, further to its decision IDB.18/Dec.1, and acting in accordance with rule 103 of the rules of procedure of the General Conference, decided to recommend to the Conference for approval the draft contract annexed to the present draft decision, which establishes the terms and conditions of appointment of the Director-General, including the salary and emoluments attached to the office.

5th plenary meeting
18 November 1997

Annex

DRAFT CONTRACT FOR APPOINTMENT OF THE DIRECTOR-GENERAL

THIS CONTRACT is made

between the United Nations Industrial Development Organization (hereinafter called the Organization) for the one part

and ..... (hereinafter called the Director-General) for the other part.

WHEREAS

The Director-General, upon recommendation of the Board, has been duly appointed by the Conference at the ..... plenary meeting of its seventh session held on ..... December 1997 (GC.7/Dec.....).

IT IS HEREBY AGREED AS FOLLOWS:

1. Term of Office

The Director-General shall be appointed for a period of four years from the ..... day of ..... nineteen hundred ninety-seven (1997), or until the Director-General to be appointed at the ninth regular session of the General Conference assumes office, whichever is later.

2. Official Duty Station

The official duty station for the Director-General shall be Vienna, Austria.

3. Official Duties

In accordance with Article 11 of the Constitution of the Organization, the Director-General shall be the chief administrative officer of the Organization.

4. Privileges and Immunities

The Director-General shall enjoy all the privileges and immunities in keeping with his/her office as determined by the Constitution of the Organization, Article 21, and any relevant legal instruments already in force or to be concluded in the future.

5. Staff Regulations

The Director-General shall be subject to the Staff Regulations of the Organization, together with such amendments as may be made thereto, in so far as they are applicable to him/her.

6. Assessable Salary and Allowances

(a) The annual gross salary of the Director-General shall be US dollars one hundred and seventy-five thousand three hundred and forty-four (175,344), corresponding to an annual net base salary equivalent to US dollars one hundred and nineteen thousand seven hundred and twenty-two (119,722) (dependency rate) or US dollars one hundred and six thousand two hundred and fifty-five (106,255) (single rate) respectively. The gross and net base salary shall be adjusted whenever the General Assembly decides to adjust the gross and net base salary levels of staff in the Professional and higher categories;

(b) He/She shall receive post adjustment, allowances and benefits, including social security benefits, for which a staff member in the Professional category of the UNIDO Secretariat would be eligible under the Staff Regulations and Staff Rules of the Organization, provided the purpose of such emolument, allowance or benefit has not already been met by other provisions of the present contract;

(c) The Director-General shall receive a representation allowance of Austrian schillings three hundred and forty thousand five hundred and sixty (340,560) per annum, adjusted for the budgeted annual inflation rate, to meet his/her share of the obligations which the Organization incurs in the form of representation and hospitality expenditure;

(d) He/She shall receive a housing allowance amounting to Austrian shillings five hundred and seventy-six thousand six hundred and thirty (576,630) per annum, adjusted for the budgeted annual inflation rate;

(e) The above salary, allowances and benefits to which the Director-General is entitled under this agreement shall be subject to adjustment by the Board, after consultations with the Director-General, to keep them in line with those of the executive heads of other specialized agencies within the common system of the United Nations.

7. Pension Arrangements*

Alternative A

The Director-General shall participate in the United Nations Joint Staff Pension Fund in accordance with the provisions of decision IDB.10/Dec.17 (d) of the Industrial Development Board. His/Her pensionable remuneration shall be determined and adjusted in accordance with the provisions of articles 54(c) and (b) of the regulations and rules of the United Nations Joint Staff Pension Fund.

Alternative B

The Director-General shall not participate in the United Nations Joint Staff Pension Fund. Instead, he/she shall have an amount equal to 15.8 per cent of pensionable remuneration, corresponding to the Organization's contribution to the Pension Fund, paid as a supplement to his/her remuneration, in lieu of participation in the Pension Fund, in accordance with General Assembly resolution 47/203.

8. Notice of Resignation

The Director-General may at any time give three months' notice of resignation in writing to the Board, which is authorized to accept his/her resignation on behalf of the General Conference, in which case, upon expiration of such period of notice, he/she shall cease to be Director-General of the Organization and this contract shall terminate.

9. Entry into force

This contract shall enter into force as of the ..... day of ..... 1997.

SIGNED this ..... day of ..... 1997 at Vienna.

(.....)
President of the Conference acting
on behalf of the Organization

(.....)
Director-General

* Alternative A will be included in the contract if the elected Director-General has been a participant in the United Nations Joint Staff Pension Fund. Alternative B will be applicable in case he/she has never been a participant.

IDB.18/Dec.4 SCALE OF ASSESSMENTS

The Industrial Development Board recommended to the General Conference the establishment of a scale of assessments for the biennium 1998-1999 based on the scale employed by the United Nations at the time of the seventh session of the General Conference.

7th plenary meeting
19 November 1997

IDB.18/Dec. 5 PROGRAMME AND BUDGETS, 1998-1999

The Industrial Development Board:

(a) Adopted for submission to the General Conference for consideration and approval the revised proposals of the Director-General for the programme and budgets for 1998-1999 as contained in document IDB.18/15/6-PBC.13/14/6 with the reductions listed in the annex to conclusion 97/10 of the Programme and Budget Committee;

(b) Recommended to the General Conference the approval on the basis of an exchange rate of US$ 1 = AS 12.90 of appropriations in the amount of $145,898,600 for the regular budget of the Organization in 1998-1999, as reflected in the following table:

	(In US dollars)		
	Appropriations	**Estimated income**	**Net requirements**
Policy-making Organs	6,680,000		6,680,000
General Management	10,474,000		10,474,000
Strengthening of Industrial Capacities	42,017,500		42,017,500
Cleaner and Sustainable Industrial Development	14,415,000		14,415,000
Regional Programme Management	20,343,700	895,500	19,448,200
Technical Cooperation Management	7,567,600		7,567,600
Administration	44,400,800	13,954,100	30,446,700
Miscellaneous Income		1,508,300	(1,508,300)
Total	**145,898,600**	**16,357,900**	**129,540,700**

Note: The amounts presented in the table are to be adjusted in accordance with the adjustment formula presented at the end of the present decision to take account of exchange rate variations during the biennium.

(c) Also recommended to the General Conference that the foregoing appropriations of $145,898,600 at an exchange rate of US$ 1 = AS 12.90 be financed from:

(i) Payments of contributions by Member States under the provisions of financial regulation 5.5(e) amounting to $129,540,700 ($23,355,500 plus the equivalent in United States dollars of AS 1,369,789,086) in accordance with decisions to be adopted by the General Conference at its seventh session concerning the scale of assessments;

(ii) Miscellaneous and other income of $16,357,900;

(d) Further recommended to the General Conference the approval of estimates of net expenditure totalling $27,490,200 at an exchange rate of US$ 1 = AS 12.90 for the purpose of the operational budget for the biennium 1998-1999 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations;

(e) Also recommended to the Conference that, in order to provide a measure of flexibility in implementing the programme of work, the Director-General be allowed to submit to the Board for consideration, within the limits of the approved programme and budgets and the financial regulations, proposals that he might judge beneficial for the proper functioning of the Organization;

(f) There was a generally held view in the Board that, in light of the significant budget reductions already made, any further reductions in the 1998-1999 or future budgets would seriously impair the capacity of UNIDO to fulfil its mandate.

Adjustment formula in US dollars

Appropriations	US dollars			Austrian schillings
A. Policy-making Organs	551,100	+	(	79,062,200 /R)
B. General Management	2,592,700	+	(	101,668,900 /R)
C. Strengthening of Industrial Capacities	4,687,400	+	(	481,558,180 /R)
D. Cleaner and Sustainable Industrial Development	1,541,900	+	(	166,062,840 /R)
E. Regional Programme Management	12,563,500	+	(	100,364,600 /R)
F. Technical Cooperation Management	658,000	+	(	89,133,850 /R)
G. Administration	2,612,500	+	(	539,069,436 /R)
Subtotal appropriations	25,207,100	+	(	1,556,920,006 /R)
Estimated income				
E. Regional Programme Management	895,500	+	(	0 /R)
G. Administration	294,000	+	(	176,215,120 /R)
Miscellaneous	662,100	+	(	10,915,800 /R)
Subtotal estimated income	1,851,600	+	(	187,130,920 /R)
TOTAL NET REQUIREMENTS	**23,355,500**	**+**	**(**	**1,369,789,086 /R)**

Note 1: The net requirements shown above assume a ratio of 18 per cent in US dollars and 82 per cent in Austrian schillings at an exchange rate of US$ 1 = AS 12.90.

Note 2: Represents the average United Nations exchange rate for Austrian schilling to US dollar which will be experienced during 1998-1999.

7th plenary meeting
19 November 1997

IDB.18/Dec.6 PERSONNEL AND RELATED FINANCIAL IMPLICATIONS OF THE PROPOSED BUDGET REDUCTIONS

The Industrial Development Board:

(a) Took note of the information provided in document IDB/18/15/5/Rev.1-PBC.13/14/5/Rev.1 on the personnel and financial implications of the budget reductions proposed for the 1998-1999 biennium (PBC conclusion 97/10);

(b) Also took note of the report of the informal working group on personnel and financial aspects related to staff reductions (PBC.13/16 and Corr.1), which was considered and amended by the Programme and Budget Committee at its resumed thirteenth session of 19 November 1997 (PBC.13/16/Corr.2);

(c) Recommended the approval of the implementation of the staff separation programme resulting from the 1998-1999 programme and budgets, in accordance with the policy and guiding principles described in paragraphs 5 to 11 of document PBC.13/16;

(d) With respect to the financial aspects of the staff separation programme, recommended that:

(i) All Member States should pay their outstanding assessed contributions without delay;

(ii) The General Conference approve the suspension of financial regulations 4.2(b) and 4.2(c) with respect to the unutilized balance of appropriations for the 1994-1995 biennium, as reported in document IDB.18/4-PBC.13/4, in the amount of $13.9 million for the purpose of funding the separation indemnity reserve to meet the cost of staff separations;

(iii) The additional cash resources for the staff separation reserve could be secured: (a) by voluntary contributions from Member States on the understanding that contributions for 1998 for the budget and staff separation reserve would not exceed 1997 assessed contribution levels; (b) by way of advances from Member States to the Organization, on the understanding that those advances would be repaid as and when the arrears of assessed contributions are paid, or deducted from future contributions;

(iv) The measures under (i), (ii) and (iii) above should be implemented jointly so as to ensure the payment on time of the costs incurred by staff separations.

7th plenary meeting
19 November 1997

IDB.18/Dec.7 FINANCIAL REGULATIONS AND FINANCIAL RULES

The Industrial Development Board:

(a) Having considered conclusion 1997/3 of the Programme and Budget Committee, decided to submit to the General Conference at its seventh session for consideration and adoption the amendments to financial regulations 3.4(a), 5.1(d), 5.2(b), 10.1(b), 10.2(a) and 10.2(c), as set out in the texts contained in the annex to the present decision;

(b) Requested the intersessional working group on proposed amendments to the financial regulations to continue its examination of financial regulations 4.2(b), 4.2(c), 4.3(b), 4.3(c) and 5.2(d) under the chairmanship of ...,[1] and to report to the Committee at its fourteenth session;

(c) Requested the Secretariat to continue to provide the working group with information concerning the financial implications of these amendments.

7th plenary meeting
19 November 1997

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[1] See summary record IDB.18/SR.7 para. 62.

Annex

Regulation	Text prior to amendment	Text as amended
3.4 (a)	The regular budget shall be divided into programmes and subprogrammes for expenditure as well as into sections for income. It shall also be presented by major objects of expenditure. It shall be accompanied by such information annexes and explanatory statements as may be requested by the General Conference (hereinafter referred to as the "Conference"), the Board or the Programme and Budget Committee, as well as such annexes as the Director-General may deem necessary or useful. The regular budget also shall be accompanied by a statement on the main changes in comparison with the previous biennium.	3.4 (a) The regular budget shall be divided into major programmes, programmes and subprogrammes for expenditure as well as into sections for income. It shall also be presented by major objects of expenditure. It shall be accompanied by such information annexes and explanatory statements as may be requested by the General Conference (hereinafter referred to as the "Conference"), the Board or the Programme and Budget Committee as well as such annexes as the Director-General may deem necessary or useful. The regular budget also shall be accompanied by a statement on the main changes in comparison with the previous biennium.
5.1 (d)	Each assessment shall be established in a component in United States dollars and the remainder in Austrian schillings in direct proportion to the respective shares of regular budget expenditures determined by the Conference, upon recommendation of the Director-General, to be linked to these two currencies. The initial assessment in Austrian schillings shall be established at the United Nations accounting rate of exchange in effect at the time the regular budget is adopted by the Conference.	5.1 (d) Each assessment shall be established in a component in United States dollars and the remainder in Austrian schillings in direct proportion to the respective shares of regular budget expenditures determined by the Conference, upon recommendation of the Director-General, to be linked to these two currencies.
5.2 (b)	Half of the estimated miscellaneous income to the regular budget for the fiscal period, for which credits have not previously been taken into account, and adjustments in estimated miscellaneous income previously taken into account;	5.2 (b) Half of the estimated miscellaneous income to the regular budget for the fiscal period and credits in respect of income not previously taken into account.
10.1 (b)	To the General Fund shall be credited:	10.1 (b) Unchanged.
	(i) The contributions to the regular budget paid by members pursuant to Financial Regulation 5.1;	10.1 (b) (i) Unchanged.
	(ii) Any advances made from the Working Capital Fund to finance expenditures of the regular budget;	10.1 (b) (ii) Unchanged.
	(iii) Revenue derived from the Staff Assessment Plan;	10.1 (b) (iii) Deleted.

Regulation	Text prior to amendment	Text as amended
10.1 (b)	(iv) Miscellaneous income to the regular budget including income from investment of the Working Capital Fund and the General Fund, proceeds from the provision or rental of goods or services, or adjustments arising subsequent to the closing of an operational budget account such as a trust fund, special account, project, etc.	10.1 (b)(iii) [text unchanged, renumbered only].
10.2 (a)	The Director-General shall establish such accounts and maintain such accounting records as are necessary.	10.2 (a) The Director-General shall establish such accounts and maintain such accounting records as are necessary, giving due consideration to the United Nations accounting standards.
10.2 (c)	The Director-General also shall prepare and submit:	10.2 (c) Unchanged.
	(i) A statement showing the assets and liabilities of the Organization at the close of the fiscal period;	10.2 (c) (i) A statement of income and expenditure and changes in reserves and fund balances;
	(ii) An analysis of the financial situation of the Organization at the close of the fiscal period;	10.2 (c) (ii) A statement of assets, liabilities, and reserves and fund balances;
	(iii) Such other information as may be appropriate.	10.2 (c) (iii) A statement of cash flow;
		10.2 (c) (iv) A statement of appropriations by major programme;
		10.2 (c) (v) An analysis of the financial situation of the Organization at the close of the fiscal period;
		10.2 (c) (vi) Such other information as may be appropriate.

IDB.18/Dec.8 WORKING CAPITAL FUND

The Industrial Development Board:

(a) Recommended to the General Conference that, due to changes in membership, the level of the Working Capital Fund for the 1998-1999 biennium should be $6,610,000 and that the authorized purposes of the Fund for the 1998-1999 biennium should remain the same as for the 1996-1997 biennium, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b);

(b) Urged Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions.

7th plenary meeting
18 November 1997

IDB.18/Dec.9 APPOINTMENT OF AN EXTERNAL AUDITOR

The Industrial Development Board recommended that the General Conference approve an extension of the present appointment of the President of the Federal Court of Audit of Germany as the External Auditor of UNIDO for a period of two years, from 1 July 1998 to 30 June 2000, under the terms of reference specified in the Financial Regulations of UNIDO.

7th plenary meeting
19 November 1997

IDB.18/Dec.10 FINANCIAL SITUATION OF UNIDO, INCLUDING WITHDRAWAL OF THE UNITED STATES OF AMERICA

The Industrial Development Board:

(a) Took note of the reports of the Director-General on the financial situation of UNIDO (IDB.18/14, IDB.18/20, IDB.18/CRP.2 and IDB.18/CRP.4) containing information concerning the status of assessed contributions, advances to the Working Capital Fund, cash flow estimates, regular budget performance, operational budget status and the separation indemnity reserve;

(b) Also took note with concern of the information contained in the report by the External Auditor on the interim accounts for the first year of the fiscal period 1996-1997 (IDB.18/3-PBC.13/3);

(c) Further took note of the report of the intersessional open-ended discussion group to study applicable measures to expedite timely payment of assessed contributions (IDB.18/5-PBC.13/5);

(d) Took note of the information contained in the report on the withdrawal of the United States of America (IDB.18/11-PBC.13/9);

(e) Urged those Member States that had not yet paid their assessed regular budget contributions, including advances to the Working Capital Fund for the bienniums 1986-1987 to 1996-1997, to do so without further delay;

(f) Strongly urged the United States of America to pay immediately its international financial obligations to the Organization of $61.3 million (comprising $38.3 million and AS 278.6 million);

(g) Requested the Government of the United States of America to reimburse income tax on salaries and emoluments for UNIDO staff members who are United States citizens and appealed to the United States Government to reconsider its decision to terminate the tax reimbursement agreement with UNIDO.

7th plenary meeting
19 November 1997

IDB.18/Dec.11 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board decided that the open-ended discussion group to study applicable measures to expedite timely payment of assessed contributions (IDB.18/Dec.10, para. (c)) should continue its work under the chairmanship of Mr. A. Benmoussa (Morocco).

7th plenary meeting
19 November 1997

IDB.18/Dec.12 INDUSTRIAL DEVELOPMENT FUND AND OTHER VOLUNTARY CONTRIBUTIONS

The Industrial Development Board:

(a) Took note of the information contained in document IDB.18/9-PBC.13/7;

(b) Decided to delegate to the Director-General the authority to approve projects for financing under the Industrial Development Fund in 1998 and 1999, in accordance with the information contained in chapter II of document IDB.18/9-PBC.13/7;

(c) Encouraged Member States to increase their pledges to the Fund and to make available funding from both multi- and bilateral sources for UNIDO projects and programmes related to high-priority activities or areas;

(d) Encouraged Governments of recipient countries to take a more active role in sharing with UNIDO the responsibility to mobilize funds from sources available to them for UNIDO projects and programmes related to high-priority activities or areas.

7th plenary meting
19 November 1997

IDB.18/Dec.13 OPTIONS FOR THE COLLECTION OF UNPAID ASSESSED CONTRIBUTIONS FROM THE UNITED STATES GOVERNMENT

The Industrial Development Board:

(a) Took note of the report of the Director-General on the options for the collection of unpaid assessed contributions from the United States Government (IDB.18/18);

(b) Noted with deep concern that the United States had not yet paid any part of its outstanding assessed contributions to UNIDO;

(c) Decided to transmit the report of the Director-General to the General Conference for further consideration and appropriate action on any of the options set out therein.

7th plenary meeting
19 November 1997

IDB.18/Dec.14 FUTURE ROLE AND FUNCTIONS OF UNIDO

The Industrial Development Board:

(a) Took note of the report of the chairman of the intersessional working group on the future role and functions of UNIDO (IDB.18/17);

(b) Requested the intersessional working group to continue its work under the chairmanship of Mr. I. Posta (Hungary);

(c) Also requested the intersessional working group in particular to further develop, in consultation with the Secretariat, a set of criteria and indicators that would allow the future assessment of the implications and monitoring of the implementation of the UNIDO reform process, including the performance of the Organization, in particular through the programme and budgets;

(d) Further requested the intersessional working group to take into consideration in its work the proposals contained in reports of the External Auditor for the improvement of the functioning of UNIDO;

(e) Also requested the Chairman of the intersessional working group to report to the Board at its nineteenth session.

7th plenary meeting
19 November 1997

IDB.18/Dec.15 PREPARATIONS FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE

The Industrial Development Board:

(a) Took note of the information provided in documents IDB.17/15 and IDB.18/19;

(b) Decided to add the following three items to the provisional agenda of the seventh session of the General Conference contained in the annex to document IDB.18/19:

10 (e) Withdrawal of the United States of America

25 Field representation

26 International Centre for Science and High Technology;

(c) Requested the President of the Board to organize an informal meeting on 21 November 1997 for the purpose of considering organizational and procedural matters related to the seventh session of the General Conference;

(d) Also requested the President of the Board to organize an additional informal meeting under the chairmanship of Mr. A. Velazco San José (Cuba), during the week of 24 November 1997, for the purpose of reviewing any draft decisions or resolutions that might be received from Member States;

(e) Further requested the President of the Board to report to the General Conference any recommendations emanating from the informal meetings.

7th plenary meeting
19 November 1997

IDB.18/Dec.16 INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY (ICS)

The Industrial Development Board:

(a) Took note of the information provided in documents IDB.18/16, IDB.18/16/Add.1, and IDB.18/16/Add.2;

(b) Recommended to the General Conference the adoption of the following draft resolution:

"*The General Conference:*

"*Bearing in mind* the Institutional Agreement concluded on 9 November 1993 between UNIDO and the Government of Italy,

"*Acknowledging* the positive role of UNIDO in the establishment, the functioning and the activities of the Centre,

"*Recognizing* the pertinence of the activities of the Centre to the mandate of UNIDO in the field of industrial technology and the interest to strengthen the research component of the ICS work programme,

"*Underlining* the importance of the ICS technology development activities,

"*Having considered* the proposal for the transfer of the International Centre for Science and High Technology (ICS) to UNESCO, contained in document IDB.18/16, Add.1 and Add.2:

"1. *Takes note* of the ending of the Institutional Agreement between the Government of Italy and UNIDO regarding the ICS by mutual consent and of the commitment of the Government of Italy to enter into a tripartite agreement with UNIDO and UNESCO for the future operations of ICS;

"2. *Requests* the Director-General to initiate consultations with UNESCO and the Government of Italy in order to continue the ongoing activities and projects as well as approved pipeline projects and to develop future cooperation in the field of industrial technology, in accordance with the Business Plan;

"3. *Also requests* the Director-General to present a progress report on these consultations to the nineteenth session of the Industrial Development Board."

7th plenary meeting
19 November 1997

IDB.18/Dec.17 NUMBER AND DURATION OF SESSIONS OF THE INDUSTRIAL DEVELOPMENT BOARD AND THE PROGRAMME AND BUDGET COMMITTEE

The Industrial Development Board:

(a) Recalled the provisions of Articles 9.3 (a) and 10.3 (a) of the Constitution according to which the Industrial Development Board and the Programme and Budget Committee shall each hold at least one session each year;

(b) Further recalled its decision IDB.5/Dec.46 on the conduct of business and rationalization of proceedings;

(c) Decided to amend items 1 and 2.4 in the annex to its decision IDB.5/Dec.46 to read as follows:

Item 1: Number and duration of sessions of the Board per year

"1. A total of 15 working days have been set aside in the biennium for the Industrial Development Board and the Programme and Budget Committee.

"2. There should be two regular IDB sessions in non-General Conference years: one for a duration of three (3) working days to be held in May-June and one for a duration of two (2) working days later in the year to consider the recommendations of the Programme and Budget Committee. In General Conference years the Board should hold one regular session of a duration of four (4) working days. The Programme and Budget Committee should hold one regular session of a duration of three (3) working days each year."

Item 2: Agenda items for the Board

"4. At each regular session the Board shall adopt the provisional agenda for the following regular session, in accordance with rules 10 and 11 of its Rules of Procedure. The Rules of Procedure allow the flexibility to add extra unforeseen items before each session. Certain items should be discussed only every second year, particularly those of a general nature. Other items should be assigned to the General Conference."

7th plenary meeting
19 November 1997

IDB.18/Dec.18 DATES OF SESSIONS OF THE POLICY-MAKING ORGANS OF UNIDO FOR 1998

The Industrial Development Board:

(a) Recalled its decision IDB.18/Dec.17 on the number and duration of sessions of the Industrial Development Board and the Programme and Budget Committee;

(b) Also recalled conclusions 94/13 and 97/13 of the Programme and Budget Committee on the dates of its sessions;

(c) Decided on the following dates for the regular sessions of the Board and the Committee in 1998:

18 - 20 May	Industrial Development Board, nineteenth session
9 - 11 September	Programme and Budget Committee, fourteenth session
19 - 20 November	Industrial Development Board twentieth session

(d) Decided to adopt the following provisional agenda for the nineteenth session of the Board:

1. Opening of the nineteenth session
2. Election of officers
3. Adoption of the agenda
4. Annual report of the Director-General on the activities of the Organization in 1997, including progress report on specific activities (Article 11.6 of the Constitution)
5. UNIDO technical cooperation activities in 1997 including operational activities for development (IDB.7/Dec.11, United Nations General Assembly resolutions 47/199, 50/120)
6. Second Industrial Development Decade for Africa (recurrent item)
7. Industrialization of the least developed countries (recurrent item)
8. Personnel matters, including composition of the Secretariat (recurrent item—also IDB.16/Dec.18)
9. Matters related to intergovernmental, non-governmental, governmental and other organizations (GC.1/Dec.41)
10. Provisional agenda and date of the twentieth session (rule 10.2 of the rules of procedure)
11. Adoption of the report
12. Closure of the session

7th plenary meeting
19 November 1997

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS RESUMED EIGHTEENTH SESSION

Symbol	Agenda item	Title
IDB.18/1/Rev.1	2	Provisional agenda
IDB.18/1/Rev.1/Add.1	2	Annotated agenda
IDB.18/2	4	Report of the Programme and Budget Committee on the work of its thirteenth session (8-11 September 1997)
IDB.18/2/Add.1	4	Report of the Programme and Budget Committee on the work of its resumed thirteenth session (6-7 November 1997)
IDB.18/2/Add.2	4	Report of the Programme and Budget Committee on the work of its resumed thirteenth session (continued) (19 November 1997)
IDB.18/3 - PBC.13/3	4 (g)	Report of the External Auditor on the interim accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the first year of the fiscal period 1996-1997 ended 31 December 1996
IDB.18/4 - PBC.13/4	4 (b)	Interim financial performance report for the biennium 1996-1997. Submitted by the Director-General
IDB.18/5 - PBC.13/5	4 (g)	Intersessional open-ended discussion group to study applicable measures to expedite timely payment of assessed contributions. Report of the Chairman (H.E. Mr. S.K. Lee, Republic of Korea)
IDB.18/6 and Add.1	3	Recommendation of a candidate for the post of Director-General. Note by the Secretariat
IDB.18/7	3	Draft contract for appointment of the Director-General. Note by the Secretariat
IDB.18/8 - PBC.13/6	4 (d)	Intersessional working group on proposed amendments to the financial regulations. Report of the Chairman (H.E. Mr. F. Mayrhofer-Grünbühel, Austria)
IDB.18/9 - PBC.13/7	4 (h)	Industrial Development Fund and other voluntary contributions. Report by the Director-General
IDB.18/10 - PBC.13/8	4 (e)	Working Capital Fund for the biennium 1998-1999. Proposals by the Director-General
IDB.18/11 - PBC.13/9	4 (i)	Issues arising from the withdrawal of the United States. Report by the Director-General
IDB.18/12 - PBC.13/11	4 (d)	Amendments to the financial rules. Report by the Director-General
IDB.18/13 - PBC.13/12	4 (a)	Scale of assessments for the fiscal period 1998-1999. Note by the Secretariat
IDB.18/14 - PBC.13/13	4 (g)	Financial situation of UNIDO. Report by the Director-General
IDB.18/15/1 - PBC.13/14/1	4 (c)	Indicative 10 per cent budget reduction. Proposals by the Director-General

Symbol	Agenda item	Title
IDB.18/15/2 - PBC.13/14/2	4 (c)	Indicative 20 per cent budget reduction. Proposals by the Director-General
IDB.18/15/3 - PBC.13/14/3	4 (c)	Indicative 30 per cent budget reduction. Proposals by the Director-General
IDB.18/15/4 - PBC.13/14/4	4 (c)	Programmatic and policy implications of the indicative budget reduction proposals. Submitted by the Director-General
IDB.18/15/5/Rev.1 - PBC.13/14/5/Rev.1	4 (c)	Personnel and financial implications of the proposed budget reductions. Submitted by the Director-General
IDB.18/15/6 - PBC.13/14/6	4 (c)	Programme and Budgets, 1998-1999. Revised proposals. Submitted by the Director-General
IDB.18/16 and Add.1	7	International Centre for Science and High Technology. Note by the Director-General
IDB.18/16/Add.2	7	International Centre for Science and High Technology. Note by the Secretariat
IDB.18/17	5	Intersessional working group on the future role and functions of UNIDO. Report of the Chairman (Mr. I. Posta, Hungary, President, Industrial Development Board)
IDB.18/18	4 (i)	Options for the collection of unpaid assessed contributions from the United States Government. Report by the Director-General
IDB.18/19	6	Preparations for the seventh session of the General Conference. Note by the Secretariat
GC.7/20 - IDB.18/20 - PBC.13/15	4 (g)	Financial situation of UNIDO. Submitted by the Director-General
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IDB.18/CRP.2 - PBC.13/CRP.6	4 (g)	Financial situation of UNIDO. Note by the Secretariat
IDB.18/CRP.3 - PBC.13/CRP.7	4 (g)	The practice of borrowing by United Nations specialized agencies. Note by the Secretariat
IDB.18/CRP.4	4 (g)	Financial situation of UNIDO. Note by the Secretariat
IDB.18/CRP.5	2	List of documents
IDB.18/CRP.6	8	Provisional agenda and date of the nineteenth session. Note by the Secretariat
IDB.18/CRP.7	-	List of participants
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PBC.13/2	4 (f)	Candidatures for the appointment of an external auditor. Report by the Director-General
PBC.13/16, Corr. 1 and 2	4 (c)	Informal open-ended working group on personnel and financial aspects related to staff reductions. Report by the Chairman (H.E. Mr. M. F. Khalil, Tunisia)